

**FISHERIES MANAGEMENT SUC-
CESSES IN ALASKA AND THE
REAUTHORIZATION OF THE
MAGNUSON-STEVENS FISH-
ERY CONSERVATION AND
MANAGEMENT ACT**

OVERSIGHT FIELD HEARINGS

BEFORE THE
SUBCOMMITTEE ON FISHERIES AND OCEANS
OF THE
COMMITTEE ON RESOURCES
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED NINTH CONGRESS
FIRST SESSION

Wednesday, July 6, 2005 in Ketchikan, Alaska, and
Friday, July 8, 2005 in Kodiak, Alaska

Serial No. 109-23

Printed for the use of the Committee on Resources



Available via the World Wide Web: <http://www.gpoaccess.gov/congress/index.html>
or
Committee address: <http://resourcescommittee.house.gov>

U.S. GOVERNMENT PRINTING OFFICE

22-445 PDF

WASHINGTON : 2005

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON RESOURCES

RICHARD W. POMBO, California, *Chairman*
NICK J. RAHALL II, West Virginia, *Ranking Democrat Member*

Don Young, Alaska	Dale E. Kildee, Michigan
Jim Saxton, New Jersey	Eni F.H. Faleomavaega, American Samoa
Elton Gallegly, California	Neil Abercrombie, Hawaii
John J. Duncan, Jr., Tennessee	Solomon P. Ortiz, Texas
Wayne T. Gilchrest, Maryland	Frank Pallone, Jr., New Jersey
Ken Calvert, California	Donna M. Christensen, Virgin Islands
Barbara Cubin, Wyoming	Ron Kind, Wisconsin
<i>Vice Chair</i>	Grace F. Napolitano, California
George P. Radanovich, California	Tom Udall, New Mexico
Walter B. Jones, Jr., North Carolina	Raúl M. Grijalva, Arizona
Chris Cannon, Utah	Madeleine Z. Bordallo, Guam
John E. Peterson, Pennsylvania	Jim Costa, California
Jim Gibbons, Nevada	Charlie Melancon, Louisiana
Greg Walden, Oregon	Dan Boren, Oklahoma
Thomas G. Tancredo, Colorado	George Miller, California
J.D. Hayworth, Arizona	Edward J. Markey, Massachusetts
Jeff Flake, Arizona	Peter A. DeFazio, Oregon
Rick Renzi, Arizona	Jay Inslee, Washington
Stevan Pearce, New Mexico	Mark Udall, Colorado
Henry Brown, Jr., South Carolina	Dennis Cardoza, California
Thelma Drake, Virginia	Stephanie Herseth, South Dakota
Luis G. Fortuño, Puerto Rico	
Cathy McMorris, Washington	
Bobby Jindal, Louisiana	
Louie Gohmert, Texas	
Marilyn N. Musgrave, Colorado	
Vacancy	

Steven J. Ding, *Chief of Staff*
Lisa Pittman, *Chief Counsel*
James H. Zoia, *Democrat Staff Director*
Jeffrey P. Petrich, *Democrat Chief Counsel*

SUBCOMMITTEE ON FISHERIES AND OCEANS

WAYNE T. GILCHREST, Maryland, *Chairman*
FRANK PALLONE, JR., New Jersey, *Ranking Democrat Member*

Don Young, Alaska	Eni F.H. Faleomavaega, American Samoa
Jim Saxton, New Jersey	Neil Abercrombie, Hawaii
Walter B. Jones, Jr., North Carolina	Solomon P. Ortiz, Texas
Thelma Drake, Virginia	Ron Kind, Wisconsin
Luis G. Fortuño, Puerto Rico	Madeleine Z. Bordallo, Guam
Bobby Jindal, Louisiana	Nick J. Rahall II, West Virginia, <i>ex officio</i>
Marilyn N. Musgrave, Colorado	
Richard W. Pombo, California, <i>ex officio</i>	

C O N T E N T S

	Page
Hearing held on Wednesday, July 6, 2005	1
Statement of Members:	
Gilchrest, Hon. Wayne T., a Representative in Congress from the State of Maryland	1
Prepared statement of	1
Young, Hon. Don, a Representative in Congress from the State of Alaska .	2
Prepared statement of	3
Statement of Witnesses:	
Bedford, David, Deputy Commissioner, Alaska Department of Fish and Game	16
Prepared statement of	18
Behnken, Linda, Executive Director, Alaska Longline Fishermen's Association	58
Prepared statement of	60
Crome, Cora, United Fishermen of Alaska	43
Prepared statement of	44
Kelley, Dale, Executive Director, Alaska Trollers Association	51
Prepared statement of	54
Madsen, Stephanie, Chair, North Pacific Fishery Management Council	24
Prepared statement of	26
Norosz, Kristine M., Director of Government Affairs, Icicle Seafoods, Inc ..	46
Prepared statement of	47
Olson, Rear Admiral James C., Commander, District 17, U.S. Coast Guard, Department of Homeland Security	10
Prepared statement of	12
Salveson, Sue, Chief, Assistant Regional Administrator for Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, U.S. Department of Commerce	4
Prepared statement of	5
Woodby, Douglas, Ph.D., Fisheries Scientist, Alaska Department of Fish and Game, and Member, Scientific and Statistical Committee, North Pacific Fishery Management Council	32
Prepared statement of	34
Additional materials supplied:	
Pautzke, Dr. Clarence, Executive Director, North Pacific Research Board, Statement submitted for the record	71

C O N T E N T S

	Page
Hearing held on Friday, July 8, 2005	75
Statement of Members:	
Gilchrest, Hon. Wayne T., a Representative in Congress from the State of Maryland	75
Prepared statement of	76
Statement of Witnesses:	
Asicksik, Eugene, President and CEO, Norton Sound Economic Development Corporation	163
Prepared statement of	166
Benton, David, Executive Director, Marine Conservation Alliance	109
Prepared statement of	112
Bonney, Julie, Executive Director, Alaska Groundfish Data Bank	116
Prepared statement of	118
Childers, Dorothy, Executive Director, Alaska Marine Conservation Council	132
Prepared statement of	135
Duffy, Kevin C., Executive Director, At-Sea Processors Association	157
Prepared statement of	160
Fields, Duncan, Technical Advisor, Gulf of Alaska Coastal Communities Coalition	126
Prepared statement of	128
Floyd, Hon. Carolyn L., Mayor, City of Kodiak	77
Prepared statement of	79
Kelty, Frank, Natural Resource Analyst, City of Unalaska	148
Prepared statement of	150
Madsen, Stephanie, Chair, North Pacific Fishery Management Council	92
Prepared statement of	95
Reed, Glenn E., President, Pacific Seafood Processors Association	153
Prepared statement of	156
Salveson, Sue, Assistant Regional Administrator for Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, U.S. Department of Commerce	86
Prepared statement of	87
Selby, Hon. Jerome, Mayor, Kodiak Island Borough	81
Prepared statement of	84
Smith, Thorn, Executive Director, North Pacific Longline Association	176
Prepared statement of	180
Stinson, Jay E., President, Alaska Draggers Association	121
Prepared statement of	122
Thomson, Arni, Executive Director, Alaska Crab Coalition	168
Prepared statement of	170
Additional materials supplied:	
Central Bering Sea Fishermen's Association, Statement submitted for the record	189

**OVERSIGHT FIELD HEARING ON FISHERIES
MANAGEMENT SUCCESSES IN ALASKA AND
REAUTHORIZATION OF THE MAGNUSON-
STEVENS FISHERY CONSERVATION AND
MANAGEMENT ACT**

**Wednesday, July 6, 2005
U.S. House of Representatives
Subcommittee on Fisheries and Oceans
Committee on Resources
Ketchikan, Alaska**

The Subcommittee met, pursuant to call at 11:00 a.m., at the Ted Ferry Civic Center, 888 Venetia Avenue, Ketchikan, Alaska, Hon. Wayne T. Gilchrest, Chairman of the Subcommittee, presiding.
Members present: Gilchrest and Young.

**STATEMENT OF THE HON. WAYNE T. GILCHREST, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF
MARYLAND**

Mr. GILCHREST. The hearing of the Subcommittee on Fisheries and Oceans will come to order. I have a prepared—a very well prepared statement, and I'll ask unanimous consent that it be submitted for the record.

Mr. YOUNG. Without objection.

[The prepared statement of Mr. Gilchrest follows:]

**Statement of The Honorable Wayne Gilchrest, Chairman,
Subcommittee on Fisheries and Oceans**

I'd like to thank Chairman Young for his invitation to come to Alaska to hear from his constituents about the fisheries management successes and how we can take the lessons that have been learned here to other parts of the country.

This Subcommittee has been working on the reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act for a number of years and I hope we will reauthorize the Act within the next year. I plan on working very closely with Chairman Young and with my Senate counterparts, including Senators Stevens and Murkowski.

As we have heard testimony on the Magnuson-Stevens Act, we have heard a lot about how well managed the Alaskan fisheries are. We have met with all the Councils and have heard from a number of constituent groups that we should look at how the fisheries are managed in Alaska. While I realize no fishery management system is perfect, I would like to see what lessons we can learn here and I appreciate all of you being here today.

I understand that this is probably not the best time to be here, especially with all of the fisheries that are open right now, but unfortunately, this was the only time we could get away from Washington for this amount of time until this winter

and I hope we will be further along on the reauthorization by then. For those fishermen that could not be here, I apologize and I hope we will still hear from you when you get back.

I thank those of you who could be here today.

I have also been told by Mr. Young that fisheries are different here in Southeast than in other parts of the state. That is one of the reasons we wanted to hold two field hearings this week—so that we can see and understand the differences, but also see how the management has worked despite these differences.

I am pleased to be here and hope this will just be the beginning of a dialog on important fishery management issues and how we can best make the Magnuson-Stevens Act work even better—for the fishery resources, the fishermen, and the fishing communities.

Mr. GILCHREST. Thank you. And I would like to welcome all of you here today. We look forward to your testimony. We are in the process over the next so many months of reauthorizing the Magnuson-Stevens-Young Act. And we are moving around the country actually, to gather information about how each of the Council's deals with myriad of issues dealing with fisheries. From science to total allowable catch, to by catch, to observer programs, to industry and public involvement. To the working relationships of the Federal, state fisheries community, environmental community, and so on. And we would like this morning to—and we will listen to your input on how the Act is working. How you see the Council's involvement with the Magnuson Act, and how that should change or have minor adjustments, or stay the same.

And what we want to do over the course of the next many months, the next hearing we have will be in Maine.

Mr. YOUNG. Kodiak.

Mr. GILCHREST. Oh, I'm sorry. The next meeting we have will be in Kodiak in a couple of days. The next meeting after Alaska will be in New England. And we like to take a look and understand the safety issues, especially with the Coast Guard. The economic viability issues with the industry. And the ecological integrity issues dealing with science and the input from the industry and the public. So we look forward to your testimony.

And one last comment I'd like to make before I yield to the—my good friend Mr. Young is that it seems that the North Pacific Council, while we understand these issues are volatile wherever you go. And they are certainly that way in Alaska. But what you've done to integrate is the different systems in your Council to do deal with these issues is quite extraordinary. And we'd like to take a look at that and see how that can, in a flexible way be adapted to other Council's around the country.

**STATEMENT OF THE HON. DON YOUNG, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF ALASKA**

Mr. YOUNG. Thank you, Mr. Chairman. And I want to thank you for taking your holiday, 4th of July break to come to Alaska. Especially to come to Southeast. It was my idea and you followed through with it that we actually have different fisheries in the State of Alaska, and Southeast is totally different from Bering Sea, and of course the Gulf. And I think it's important that we recognize that and the hearing was taking place here is because of that difference. I requested by actually by the industry down here. I do appreciate you coming and—Mr. Gilchrest is a individual that I have

great respect for. He does not vote with me all the time. I sometimes lecture him on that, but he has his own mind. But he does take the time—and why I admire him to go and look and to see what other areas of the United States are doing. He's done this with timber, been in districts in California, and of course in the fisheries. Extremely interested in the oceans. He is now the head of a new task force. Hopefully we can work it in to a full committee standing on the oceans. Not in conflict with the Stevens-Magnuson Act, you notice that it's Stevens-Magnuson Act. Left my name out, but I'm not going to call it the Magnuson-Stevens Act. But in reality we believe that the oceans play a major role in the land mass of this globe. And how they're being affected, is it man or is it natural, or whatever is occurring, that's part of this new program. But this hearing is about the Chairman has mentioned about what's good about the Act, because we have to renew it. What's wrong with the Act, what can we do to improve it. If you have suggestions we're here to listen, more than anything else to what you have to pose. Mr. Chairman, I thank you again and I think we ought to proceed with the witnesses.

[The prepared statement of Mr. Young follows:]

Statement for The Honorable Don Young, Congressman for All Alaska

Mr. Chairman, I want to thank you for coming to Alaska. The waters off Alaska provide for more than half of the entire production of seafood in the United States. We have a number of very important fisheries and the management of those fisheries is of utmost importance to the people of this state.

Fisheries management in Alaska has not always been the success story that you hear about today. One of the reasons that Alaska wanted to become a state was to get the Federal government out of salmon management.

We now have a State-managed salmon fishery that allows our fishermen to continue to land a high quality, healthy product that can put any farm-raised salmon to shame. Unfortunately, the product we have can only be harvested for a short period of time every year and this leaves our markets vulnerable to imported salmon products for the rest of the year.

Mr. Chairman, salmon isn't the only fishery here in Alaska, but it is an important one. A number of other fisheries are managed by the North Pacific Fishery Management Council. The Council system was one of the great ideas that was included in the Magnuson Act (which now honors Senator Stevens as well as former Senator Magnuson).

This system is a transparent process that allows the stakeholders to participate in the management of their own fishery resources. It also allows a regional approach to management so that different regions can deal with their problems in innovative ways.

I won't say that the Council system is perfect and I won't say that we don't have fights over fish here in Alaska. But I will say that this system works better than any other I've seen.

I know you are here to get a better understanding of how we manage fish in Alaska and I appreciate you taking the time to come to my great state. I hope you will hear some good suggestions on how to reauthorize the Magnuson-Stevens Act while maintaining the Council system and the regional flexibility that is so important.

Thank you, Mr. Chairman.

Mr. GILCREST. Thank you, Mr. Young. And our witnesses this morning are Ms. Sue Salveson, Admiral Olson, Mr. Bedford, Ms. Madsen, and Dr. Woodby. Thank you all for coming. We look forward to your testimony. We're going to start with Ms. Sue Salveson.

**STATEMENT OF SUE SALVESON, SUSTAINABLE FISHERIES
DIVISION, ALASKA REGION, NATIONAL MARINE FISHERIES
SERVICE**

Ms. SALVESON. Thank you, Mr. Chairman. For the record, I wish I were a doctor, but I'm not. I'm just a Ms., Ms. Sue Salveson.

Mr. GILCHREST. Ms. Sue Salveson.

Ms. SALVESON. Thank you. Thank you, Mr. Chairman and Congressman Young, for the opportunity to testify before you on your Fishery Management Program here in Alaska. And the reauthorization of the Magnuson-Stevens Act. I am Sue Salveson, Assistant Regional Administrator for Sustainable Fisheries here in Alaska Region of the National Marine Fisheries Service.

The waters off Alaska support a variety of fisheries. These fisheries are one of the most important industries in Alaska and provide nearly half of all private sector jobs. Off Alaska this management is undertaken in partnership with the North Pacific Fishery Management Council. And other state and Federal management agencies. We have achieved management successes in Alaska that we can learn from. As we move forward with reauthorizing the Magnuson-Stevens Act. I would like to focus on a few key areas today. Those are ecosystem approaches to fisheries management, market-based management systems, and the use of the best available scientific information.

The U.S. Ocean Action Plan endorses an ecosystem approach to management. In 1996 amendments to the Magnuson-Stevens Act, particularly provisions relating to by catch and essential habitat laid the ground work for ecosystem approaches to fisheries. The North Pacific Management Program includes gear and season specific closures totally approximately 150,000 square nautical miles to protect habitat and protected species stocks. Habitat protection will be expanded significantly when NMFS's implements extensive new closed areas in the Aleutian Islands and Gulf of Alaska recently endorsed by the Council.

Because we still have much to learn, an ecosystem approach must be implemented incrementally. Our approach in the North Pacific includes single species management and exploitation models to establish target and nontarget species harvest quotas that conserve stocks. But scientists have developed, and current are testing whole ecosystem models to assess fishing impacts on patterns of energy flow in large marine ecosystems.

The U.S. Ocean Action Plan also promotes a partnership under which we will work with Regional Fishery Management Councils to promote greater use of market-based systems for fisheries management. The Alaska dedicated access privilege programs developed for Alaska groundfish, pacific halibut, sablefish, and crab fisheries are examples of DAP programs that can be used to develop these approaches nationwide. In partnership with the North Pacific Council we implemented the IFQ program for pacific halibut in 1995. Subsequently we have provided coastal communities the opportunity to provide—to purchase quota share or IFQ to enhance fishery-based revenues generated by local residents. We also are in the midst of implementing a sophisticated crab rationalization program that includes harvester and processor quota shares, community quotas, and fishing cooperatives.

Any national guidelines promoting these programs should provide flexibility to Regional Fishery Management Council's and to NMFS to tailor these programs to the specific needs of regional fisheries. While the Alaska programs have been successful and provide important lessons for the rest of the nation, they may not be applicable to specific regional, social, economic, and fishery conditions in other parts of the country.

The U.S. Ocean Action Plan also commits NOAA to establish guidelines to develop and apply scientific advice for fisheries management decisions. Scientific information and advice are integral to the resource management decisions undertaken by NMFS, in partnership with the Regional Fishery Management Council's. Ongoing success of the North Pacific Management Programs will continue to rely on a science-based and precautionary policy direction historically embraced by the North Pacific Council. This responsiveness is reflected in four fundamental components of our decisionmaking process. The first, the promotion of a strong research program. Second, acceptance of the best available science as a foundation for establishing a conservative fishery, harvest quotas, and for conservation measures to protect protected species. Third, and extensive in season catch monitoring program. And fourth, a transparent public process.

In addition we believe the structure and breath of experience on the North Pacific Council's Scientific and Statistical Committee provides a basis for peer reviewed, science-based management of the North Pacific resource. The North Pacific Council's reliance on it's SSC is an important consideration in the successful management of these resources and serves as a good example of how to use science-based decisionmaking to manage our nations natural resources.

Fisheries observers deployed on fishing vessels and processors are an additional source of important information. The North Pacific Groundfish Observer Program is the largest in the nation, with over 36,000 observer days per year. Although coverage is extensive we are studying ways to improve the coverage and effectiveness of our fisheries observers in this and other observer programs nationwide. Comprehensive catch monitoring programs insure compliance with North Pacific fishery restrictions. Incorporating existing technology such as Vessel Monitoring Systems and leveraging strong enforcement partnerships are becoming more and more important to mitigate the greater number of resources needed to manage and enforce new fishery programs.

Mr. Chairman, Congressman Young thank you for the opportunity to discuss the North Pacific Fishery Management Programs, as we undertake reauthorization of the Magnuson Act. I would be happy to answer any questions.

Mr. GILCHREST. Thank you, Ms. Salveson.

[The prepared statement of Ms. Salveson follows:]

Statement of Sue Salveson, Assistant Regional Administrator for Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, U.S. Department of Commerce

Thank you, Mr. Chairman and members of the Committee, for the opportunity to testify before you on our fishery management program here in Alaska and the reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act

(Magnuson-Stevens Act). I am Sue Salveson, Assistant Regional Administrator for Sustainable Fisheries, Alaska Region, National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce. My testimony today will focus on how we work with our partners in Alaska to successfully manage our fisheries and how this experience may serve as a model for managing our nation's fisheries and other ocean resources into the future.

The current process for managing our nation's marine fishery resources has been in place since 1977, when the Fishery Conservation and Management Act of 1976 was first implemented. The Sustainable Fisheries Act of 1996 implemented several new provisions specific to the North Pacific and underscored many of the management measures already in place or under development there. The Fishery Management Council process results in transparent, deliberative decision making based on best available science.

The North Pacific is a highly productive ecosystem with no depleted or overfished groundfish stocks. Our area exemplifies how the management process can accommodate both national and regional interests in responsible stewardship of marine resources. Our success is driven by the North Pacific Fishery Management Council's tenet to adhere to the underlying science provided by NMFS, the State of Alaska, universities, and other independent scientists. Our success is also due in part to relatively focused interjurisdictional issues involving only a single state (Alaska), which reduces complexity in the decision-making process.

Background on Alaskan Fisheries

With over 47,000 miles of coastline and 336,000 square miles of fishable continental shelf area, the waters off Alaska support a variety of fisheries. Fisheries are one of the most important industries in Alaska and provide nearly half of all private-sector jobs. Over 10,000 people are involved in groundfish fishing and processing alone; thousands more work in salmon, crab, scallop, halibut, and other fisheries. Vessels range from skiffs used for halibut fishing with hook-and-line or jig gear, to 600-foot motherships and 400-foot catcher processors involved in the midwater trawl fishing for pollock.

The Magnuson-Stevens Act authorizes federal management of fisheries in the Exclusive Economic Zone (EEZ). Off Alaska, this management is undertaken in partnership with the North Pacific Fishery Management Council and other state and federal management agencies. The North Pacific Council has developed five fishery management plans to manage the groundfish (Bering Sea and Aleutian Islands; Gulf of Alaska), crab, scallop and salmon fisheries off Alaska. Much of the management of the crab, scallop, and salmon fisheries is deferred to the State of Alaska with federal oversight, including the authority to set and enforce harvest limits to avoid overfished stocks. Development and implementation of allocation programs or dedicated access privilege programs are retained as a federal function in partnership with the North Pacific Council. The Council also develops allocation programs for the Pacific halibut fishery in partnership with NMFS and the International Pacific Halibut Commission.

The primary target groundfish species off Alaska are pollock, Pacific cod, flatfish, Atka mackerel, sablefish, and rockfish. In the Bering Sea and Aleutian Islands, the maximum annual removals limit has been capped at 2 million metric tons, or 4.4 billion pounds, since 1984. This cap is an example of the North Pacific's precautionary approach to management. Although this cap could be set higher—given the existing groundfish abundance of over 3 million metric tons—the annual harvest limits are capped at this lower level to account for species interactions within the ecosystem and to provide a buffer for scientific uncertainty in setting catch quota levels.

Fishery management decisions originate with recommendations provided by the North Pacific Fishery Management Council. The Council's 11 voting members represent state and federal fisheries agencies, industry, fishing communities, and four nonvoting members represent the U.S. Coast Guard, U.S. Fish and Wildlife Service, U.S. Department of State, and the Pacific States Marine Fisheries Commission. The Council receives advice at each meeting from a 20-member Advisory Panel, representing user groups, environmentalists, recreational fishermen, and consumer groups. A 15-member Scientific and Statistical Committee composed of highly respected scientists reviews all information and analyses and provides advice to the Council.

The North Pacific Council conducts a transparent public process by incorporating diverse views into its decision making, and ensuring open public debate regarding the best paths to follow when making difficult decisions. The North Pacific Council accepts public comment at all meetings on all issues addressed, and the Plan

Teams, Advisory Panel, and Scientific and Statistical Committee also receive issue-specific public testimony. In addition, the Council appoints working committees with representation from industry sectors, environmental organizations, and other constituents to provide recommendations on specific issues. These committees often rely on management expertise and scientific input from NMFS and other management agency staff and scientists. This committee process is critical to the Council's development of fishery management measures and provides an additional level of stakeholder input on all decisions.

NMFS maintains effective partnerships with the North Pacific Council, Alaska Department of Fish and Game, International Pacific Halibut Commission, Pacific States Marine Fisheries Commission, U.S. Fish and Wildlife Service, and U.S. Coast Guard. These partnerships help us ensure that management decisions are based on sound science and can be effectively monitored and enforced.

NMFS is considering a wide range of potential amendments to the Magnuson-Stevens Act, and plans to prepare a formal package of Amendments. We have learned many things from our experiences here in Alaska that can help us achieve similar management successes in other areas of the country as we move forward with reauthorizing the Magnuson-Stevens Act. I would like to focus on a few key areas today—ecosystem approaches to fisheries management; market-based management systems (specifically, dedicated access privilege (DAP) programs); and use of the best available scientific information.

Ecosystem Approaches to Fisheries Management

The U.S. Ocean Action Plan endorses an ecosystem approach to management. The plan states that “the Administration will continue to work toward an ecosystem-based approach in making decisions relating to water, land, and resource management in ways that do not erode local and State authorities and are flexible to address local conditions.” The 1996 amendments to the Magnuson-Stevens Act—particularly the provisions relating to bycatch and essential fish habitat—laid the groundwork for Ecosystem Approaches to Fisheries (EAF). NOAA has identified three large marine ecosystems off Alaska: the Arctic, the Bering Sea and Aleutian Islands, and the Gulf of Alaska. The North Pacific Fishery Management Council is advancing fishery management to address principles of EAF, which focus on ecosystem considerations in fishery management decisions as well as in the broad context of entire ecosystems and the relative role of all activities occurring within them.

Because not all necessary scientific information is ever available, an ecosystem approach must be implemented incrementally. Our approach in the North Pacific includes single species management and exploitation models used to establish target and nontarget species harvest quotas that conserve the stocks. For example, quotas currently are managed through an extensive in-season catch monitoring program that documents total catch relative to established quotas; when quotas are reached, fisheries are closed. But scientists have developed and currently are testing whole ecosystem models to assess fishing impacts on patterns of energy flow in large marine ecosystems. These models provide descriptions of the food web and may be useful in evaluating ecosystem-level harvest limits.

The North Pacific management program includes gear and season-specific closures totaling approximately 150,000 nm² to protect habitat and protected species stocks. These areas have been closed to fishing to minimize fishery interactions with Steller sea lions, reduce impacts on sensitive habitat important to crab, or to eliminate fishing gear impacts in areas with deep-water coral concentrations. The North Pacific Council, in consultation with NMFS scientists and managers, closed certain areas to the pollock, Pacific cod, and Atka mackerel fisheries to minimize impacts on Steller sea lions; refinements to Steller sea lion protection measures are ongoing. A comprehensive seabird bycatch reduction program has been implemented that includes education, outreach, and mandatory seabird avoidance measures.

Bycatch controls always have been a facet of the fishery management plans for the Alaska fisheries. They originally focused on fully utilized species taken incidentally in the groundfish fisheries, such as halibut, salmon, crab, and herring. However, the Council is now expanding its focus to address management of non-target species taken incidentally in the groundfish fisheries (e.g., sculpins and other species taken in fisheries but not retained for sale). Since the mid-1990s, measures to address overall discard amounts and increase utilization of catch in the groundfish fisheries resulted in a dramatic reduction in discard rates, from 17 percent in 1993 to less than 7 percent by 2002.

Habitat protection will be expanded significantly when NMFS completes the rule-making process within the next year to implement extensive new closed areas in the Aleutian Islands and Gulf of Alaska recently endorsed by the Council to protect

Essential Fish Habitat (EFH). The Council's EFH action is noteworthy for several reasons.

- The scale is unprecedented. The new EFH measures include nearly 300,000 square nautical miles of areas closed to bottom trawling, some of which will be closed to other bottom-tending mobile gear and fixed gear.
- The Council adopted these new closures as a precaution. The best available information indicates that fishing in Alaska has no more than minimal adverse effects on EFH, but NMFS' analysis noted considerable scientific uncertainty. The Council chose to protect relatively undisturbed habitats to guard against potential problems for sustainable fisheries in the future.
- These closures have broad support from both the fishing industry and environmental groups, demonstrating again that compromise and consensus can be achieved through the Council process.
- The Council adopted a site-specific approach for identifying Habitat Areas of Particular Concern (HAPCs) within EFH. Our experience in Alaska suggests that HAPCs are a useful tool for prioritizing especially valuable and/or vulnerable portions of EFH for conservation and management.

Although progress has been made toward an integrated ecosystem approach to management in the North Pacific, much work remains to fully understand biological, climate, and habitat interactions. New studies are required to move forward with ecosystem approaches. NMFS scientists are poised to pursue research that would provide new information to better enable managers to integrate ecosystem approaches to fishery management. This work will focus on developing spatially explicit resource assessment models for predicting recruitment, abundance, and species interactions by region and by season. These expanded programs will help us evaluate resource responses to harvest at local scales, assess the impact of fishing on the foraging success of seabirds and marine mammals, and improve the information upon which management decisions are based. Efforts to identify the scientific, social, economic, and policy issues associated with an adaptive, incremental approach to ecosystem management will also greatly enhance our ability to manage fisheries.

Pilot programs may help assess information needs for EAF and the associated costs. The North Pacific Fishery Management Council is considering a pilot program in the Aleutian Islands area that would test the use of a Fishery Ecosystem Plan to inform Council decision making under the existing fishery management plans. NMFS, the Council, and the State of Alaska are also discussing the possibility of an ecosystem council or other form of regional collaboration to integrate considerations from various ocean uses (e.g., fisheries, marine transportation, and oil and gas development).

Market-Based Management Systems

The U.S. Ocean Action Plan also promotes a partnership under which we will "work with regional fishery management councils to promote greater use of market-based systems for fisheries management." The DAP programs can mitigate overfishing and overcapacity, as well as contribute to the economic well-being of the marine fishery sector. The Alaska programs—specifically those developed for Alaskan groundfish, Pacific halibut, sablefish, and crab fisheries—are examples of DAP programs that can be used to develop these approaches nationwide.

NOAA has committed to develop, in consultation with the regional fishery management councils and interested parties, national standards and guidelines for the implementation of individual fishing quota (IFQ) programs. These guidelines will draw on the 1999 congressionally mandated report by the National Research Council, *Sharing the Fish: Toward a National Policy on Individual Fishing Quotas*, as well as the ongoing discussions on standards and requirements for DAPs.

In partnership with the North Pacific Council, we implemented the IFQ program for Pacific halibut and sablefish in 1995. Recently, we provided coastal communities the opportunity to purchase quota share or IFQ to enhance fishery-based revenues generated by local residents. Fishing cooperatives have successfully rationalized the Bering Sea pollock fishery under the American Fisheries Act. We are in the midst of implementing a sophisticated Alaska crab rationalization program that includes harvester and processor quota shares, community quotas, and fishing cooperatives. The North Pacific Council is considering a Gulf of Alaska groundfish rationalization plan that would also include a number of distinct DAP programs. The direct allocations of groundfish and crab to the Western Alaska Community Development Program has proven very successful in generating revenue for western Alaska coastal communities and providing for a sustainable fishery-based economy.

During the past several years, we have worked closely with the U.S. General Accountability Office in its studies of various IFQ-related issues. This collaboration, as

well as experience here in Alaska and elsewhere, has helped us refine our views on how to develop and administer these programs. Any national guidelines promoting DAP programs should provide flexibility to regional fishery management councils and to NMFS to tailor these programs to the specific needs of the regional fisheries. While the Alaskan programs have been successful, and provide important lessons for the rest of the nation, they may not be applicable to specific regional, social, economic, and fishery conditions in other parts of the country. These programs must balance the program's complexity and cost with its overall objectives. Existing Magnuson-Stevens Act authority for cost-recovery programs can result in insufficient revenue for sustained management and enforcement of complex DAP programs. We are considering ways to ensure that sufficient revenue is available to manage the DAP programs appropriately.

Best Available Scientific Information and Other Data

The U.S. Ocean Action Plan also commits NOAA to "establish guidelines and procedures for the development and application of scientific advice for fisheries management decisions." The Administration supports the use of independent peer-reviewed science in resource management decisions. We are considering several Magnuson-Stevens Act amendment proposals relating to the collection and use of best available scientific information. Scientific information and advice is integral to the resource management decisions undertaken by NMFS in partnership with the regional fishery management councils.

Ongoing success of the North Pacific management programs will continue to rely on the science-based and precautionary policy directions historically embraced by the North Pacific Fishery Management Council. This responsiveness is reflected in four fundamental components of our decision making process:

1. Promotion of a strong research program;
2. Acceptance of the best available science as a foundation for establishing conservative fishery harvest quotas and for conservation measures necessary to protect listed species or their critical habitat under the Endangered Species Act;
3. An extensive in-season catch monitoring program that relies on timely observer data, accurate catch weight measurements for at-sea and shoreside processors, and an electronic catch reporting system that ensures we will not exceed established quotas; and
4. A transparent public process.

NMFS also is working to improve our marine resource survey capability and our capacity to develop stock assessments. In 2001, the National Task Force for Improving Fish Stock Assessments, composed of senior stock assessment scientists from each NMFS science center, issued the Marine Fisheries Stock Assessment Improvement Plan. This report continues to serve as NMFS' principal roadmap for enhancing and modernizing programs for data collection, data management, stock assessments, and supporting scientific research. The stock assessments on which annual quotas for North Pacific groundfish, crab, and halibut are based rely on extensive stock assessment surveys and sophisticated stock assessment models used by NMFS, the State of Alaska, academia, and International Halibut Commission scientists.

Observers deployed on-board fishing or processing vessels and at shoreside processing facilities are an additional source of important information. For NMFS and the public to have confidence in this information, it must be of high quality and free from bias. The North Pacific groundfish observer program is the largest in the nation with over 36,000 observer days per year. Costs of observer deployment for the North Pacific fisheries are borne by the industry and currently total about \$13 million annually; an additional \$3 million in federal funding is required each year to support the costs of administering the observer program and the data collected by observers. Although coverage is extensive, we are studying ways to improve the coverage and effectiveness of our on-board and shoreside fisheries observers in this and other observer programs.

We are considering proposals that would give the regional management councils and NMFS broader authority to collect social and economic data, including cost and revenue data. Collecting this information from shoreside fish processors, under appropriate confidentiality standards, would allow us to conduct more meaningful social and economic analyses of the potential impacts of fishery regulations. This information will enable NMFS and the regional fishery management councils to conduct better regulatory assessments, in particular those concerning the impacts of proposed measures on fishing communities, small business enterprises, and processors. This information also will allow NMFS and the councils to assess the effects of programs that have been implemented and determine whether refinements or

adjustments should be made to address unintended impacts on various sectors or constituencies. The North Pacific Fishery Management Council used this approach to develop an economic data collection program for Bering Sea/Aleutian Island crab harvesters and processors as part of its comprehensive rationalization program for this fishery. Implementation of this program required special legislation.

To properly incorporate the best available science into our management process, the Councils need to rely on our Scientific and Statistical Committees (SSC) to review all biological and socioeconomic information used in decision making. We believe the structure and breadth of expertise on the North Pacific Fishery Management Council's SSC allows science-based decision making to govern the management of our nation's natural resources. NMFS will continue to play a key role in providing the best possible scientific information, and supports the use of peer-reviewed science in resource management decisions.

Enforcement Issues

At-sea and shoreside catch monitoring programs are in place to ensure that fishery restrictions are honored. These programs include timely reporting of total catch by species, and vessel monitoring system (VMS) requirements in some fisheries to monitor closed or restricted areas. VMS is an excellent enforcement tool because it provides remote monitoring of vessel positions in relation to regulatory areas and maritime boundary lines. We rely on the complementary enforcement efforts of NOAA, state enforcement agencies, and the U.S. Coast Guard, both in the fishing grounds and dockside.

We are considering a number of amendments to the Magnuson-Stevens Act to enhance the effectiveness of fisheries law enforcement. In Alaska, tools such as broader application of VMS and cooperative state-federal enforcement programs are used to achieve enforcement, management, and safety objectives. Incorporating existing technology and leveraging strong enforcement partnerships are becoming more and more important to mitigate the greater number of resources needed to enforce new fisheries regulations.

Conclusion

Mr. Chairman, thank you for the opportunity to discuss the North Pacific fishery management programs as we undertake reauthorization of the Magnuson-Stevens Act. Alaska is fortunate to have large areas of relatively pristine habitat that support bountiful and sustainable fish harvests. That said, management of the North Pacific has benefited from adherence to the best available science in developing prudent and precautionary approaches to the management of marine resources. Our emerging focus on ecosystem approaches to fisheries management and dedicated access privilege programs will rely on research and sound science to support increasingly complex conservation and management programs. In addition, we want to continue our work with all stakeholder groups to achieve a collaborative consensus-building forum. Such partnerships will become increasingly important as new interests, perspectives, and knowledge are incorporated into an ecosystem approach to management.

Mr. GILCHREST. Admiral Olson.

STATEMENT OF REAR ADMIRAL JAMES OLSON, COMMANDER OF THE SEVENTEENTH COAST GUARD DISTRICT

Admiral OLSON. Good morning, Mr. Chairman, Congressman Young. I am Rear Admiral Jim Olson, Commander of the Seventeenth Coast Guard District. Thank you for the opportunity to appear before you today as the Coast Guard's—

Mr. GILCHREST. Admiral, can I interrupt you? Can you hear in the back?

[Inaudible reply.]

Mr. GILCHREST. What's happened to the mikes? Are they on?

[Inaudible reply.]

Mr. GILCHREST. OK. Or pull a little closer, because I don't think you can hear you back there. I hear—I look, people going like this, so that's the first clue I had.

Admiral OLSON. Yes, sir. I am Rear Admiral Jim Olson, Commander of the Seventeenth Coast Guard District. Thank you for the opportunity to appear before you today to discuss the Coast Guard's fisheries enforcement role in Alaska in support of the Magnuson-Stevens Act.

I'd like to start by providing you with a snap shot of Coast Guard operation in Alaska today. In the Bering Sea the Cutter ALEX HALEY is patrolling the US/Russian Maritime Boundary Line. Cutter ACHUSNET is refueling in Dutch Harbor and will soon be patrolling the Gulf of Alaska. And the Cutter JARVIS is in the North Pacific participating in multi-national illegal, unreported, and unregulated fishing operations. Two patrol boats are underway in Homeland Security missions, and one is conducting halibut IFQ enforcement. There are also a number of aircraft flights today in support from cutters—that support the cutters. One will embark on a National Marine Fisheries service agent from Kodiak.

The Coast Guard is firmly committed to providing at-sea enforcement in support of the Magnuson-Stevens Act. We recognize that the health of our fisheries is of considerable national importance, and as the District Commander responsible for Coast Guard operations in Alaska, I am keenly aware of the significance of fisheries to the residents of this state. Effective fisheries enforcement means preventing illegal encroachments on the U.S. EEZ, and insuring compliance with both domestic fisheries regulations and relevant international fishery agreements.

My job is to implement this national Coast Guard policy in Alaska. To protect the EEZ, we patrol our maritime boundaries with both Russia and Canada. These are my top fishery law enforcement priorities and incursions in both of these areas have trended downward in recent years.

Our domestic fisheries have seen major changes in the past decade. Regulatory regimes are increasingly complex, closed areas have expanded and in an order of magnitude. And a movement toward rationalization continues to lengthen fishing seasons. These factors all placed increased demands on enforcement resources. Coast Guard supports rationalization programs, as they provide safer working conditions. However, they also require increased enforcement efforts.

We also patrol areas outside our EEZ to monitor compliance with international fishery agreements such as Central Bering Sea Pollock Convention and the North Pacific Anadromous Fish Commission.

Another important component of our fisheries program is safety. Commercial fishing is the deadliest occupation in the nation. In D17 we have a robust prevention, enforcement, and response programs. As a result, long-term trends show a decrease in casualties. Essentially the Coast Guard ensures vessels are fishing when, where, and how they're allowed by domestic and international law. This takes an active patrol presence by our largest and most capable cutters and aircraft. This is becoming more of a challenge as our cutters continue to experience increased mechanical failures. However, a number of initiatives are underway to improve our effectiveness.

Strong partnerships, the use of technology, and world class fisheries training program, new maritime security assets, and most importantly integrated Deepwater system will greatly contribute to our fisheries mission here in Alaska. Coast Guard enjoys and values the excellent relationships with the North Pacific Fisheries Management Council, the National Marine Fisheries Service, the State of Alaska, and the fishing industry. We have also developed solid working relationships with our international Pacific Rim partners. To leverage technology we are promoting the expanded use of the VMS to better monitor compliance with the ever growing regulations and closed areas. And our fisheries training center in Kodiak has been key to enforcing the increasingly complex management programs. Our greatest gains will come from new capability provided by the Maritime Safety and Security Teams, and more so Deepwater.

MSST Anchorage was commissioned late last year and has already begun to conduct security missions throughout the state, such as cruise ship escorts in Southeast Alaska, and security patrols in Valdez. Thus, freeing our patrol boats to perform more fisheries enforcement. However, most at sea Alaska fisheries enforcement is conducted by Deepwater assets. Major cutters and aircraft are the centerpiece of our presence in the North Pacific and the Bering Sea. But continue to face severe readiness challenges. The two oldest cutters in fleet are both homeported in Alaska and slated for decommissioning in the not to distant future. The scheduled replacement of these cutters is in jeopardy if Deepwater funding is reduced.

The Coast Guard greatly appreciates your support over the years and asks you to support the President's current Deepwater funding request. With respect to the Magnuson-Stevens reauthorization, fisheries management in Alaska is a success story. Fish stocks are healthy and there is a commitment to the resource from managers, industry, and enforcement. This is in and of itself fosters compliance, and therefore facilitates our job.

Our role on the Council is to provide expert advice on at sea enforcement and vessel safety. Nevertheless we can and do influence regulations, we value this role and take this responsibility seriously. Coast Guard efforts would benefit from an expanded use of VMS for national security purposes currently restricted by confidentially provisions in the Act. This will greatly improve our maritime domain awareness.

In closing, the Coast Guard has always been a welcome partner at the North Pacific Fisheries Management Council, and our recommendations are carefully considered. We care committed to maintaining this partnership into the future, and thank you for the opportunity to discuss this important issue with you today. I'd be happy to answer any of your questions.

[The prepared statement of Rear Admiral Olson follows:]

Statement of Rear Admiral James C. Olson, Commander, Seventeenth Coast Guard District, U.S. Coast Guard, Department of Homeland Security

Good morning, Mr. Chairman and distinguished members of the subcommittee. I am Rear Admiral James Olson, Commander of the Seventeenth Coast Guard District. Thank you for the opportunity to appear before you today to discuss the Coast

Guard's fisheries enforcement role in Alaska in support of the Magnuson-Stevens Fisheries Conservation and Management Act.

The Coast Guard is firmly committed to providing at-sea enforcement in support of the Magnuson-Stevens Act and national goals for living marine resource conservation and management. The Coast Guard recognizes that the economic and biological health of our fisheries is of considerable national importance, and as the District Commander responsible for Coast Guard operations in Alaska, I am keenly aware of the significance of fisheries to the residents of Alaska. Alaskan fisheries provide a livelihood for a large commercial harvesting industry, subsistence for Alaskans, a product for consumption by the American public, and recreational opportunities for countless Alaskans and visitors alike. The Magnuson-Stevens Act embodies the principle that we all have a collective responsibility to exercise good stewardship over these valuable resources and that the various stakeholders should be part of the process that seeks to achieve that stewardship. The Coast Guard is committed to support these management goals by providing effective enforcement and by participating in the process every step of the way.

Coast Guard Living Marine Resource Enforcement

The Coast Guard's long-range mission is, "To provide effective and professional enforcement to advance national goals for the conservation and management of living marine resources and their environment." To accomplish this, we have established three objectives:

- Prevent illegal encroachments of the U.S. Exclusive Economic Zone (EEZ) and internal waters by foreign fishing vessels.
- Ensure compliance with domestic living marine resource laws and regulations within the U.S. EEZ by U.S. fishers.
- Ensure compliance with international agreements for the management of living marine resources.

As the operational commander responsible for all Coast Guard operations in Alaska, my job is to turn the national Coast Guard policy outlined above into at-sea enforcement that takes into account the regional characteristics of fisheries. To prevent illegal encroachments of the U.S. EEZ, Coast Guard cutters and aircraft in Alaska patrol both the U.S./Russian Maritime Boundary in the Bering Sea and the U.S./Canadian Maritime Boundary in Dixon Entrance. These are my top fishery law enforcement priorities, and incursions in both these areas have trended downward in recent years. We attribute this to a number of factors including a robust enforcement presence, strong partnerships with our counterparts in Russia and Canada, as well as declining fish stocks in the Russian and Canadian EEZs near U.S. maritime borders. The threats on both borders have seasonal changes and activity may vary from year to year, but protecting the sovereignty of Alaska's maritime boundaries requires significant resources and a near full time Coast Guard presence during peak activity periods that may last several months. Of the two boundaries, the U.S./Russian Maritime Boundary is more resource intensive to enforce due to its remote location, extreme weather conditions, and high level of activity which starts in mid-May and can continue through December.

Domestic fisheries in Alaska are where the Coast Guard exerts most of its effort in support of the Magnuson-Stevens Act. In the past decade, Alaskan fisheries have seen major changes. Regulatory regimes continue to grow increasingly complex, closed areas have expanded by over an order of magnitude encompassing hundreds of thousands of square miles, and a movement toward rationalization continues to lengthen fishing seasons, while also reducing the number of search and rescue missions. These factors all place changing demands on fisheries enforcement and require new approaches.

Regulations in the North Pacific are vast and complex. There are over 300 federal time, area, and species openings and closings per year. Vast portions of the EEZ in Alaska are closed for habitat conservation, protected species, or by-catch management. These areas are most often in or adjacent to historical fishing grounds requiring close monitoring. This includes a recent proposal to close 279,000 square miles in the Aleutian Islands. The Coast Guard is essentially required to ensure vessels are fishing when, where and how they are permitted to by law. This takes an active patrol presence by our largest and most capable cutters and aircraft.

Nearly every fishery in Alaska is either currently rationalized or is on the North Pacific Fishery Management Council (NPFMC) agenda to be rationalized within the next five years. The Coast Guard supports these rationalization programs as they provide safer working conditions, afford fishermen more latitude in when they fish, and thus avoid harsh weather conditions. However, rationalized fisheries have different requirements for enforcement than traditionally managed fisheries. For example, in the first rationalized fishery in Alaska, and the largest Individual

Fishing Quota (IFQ) program in the world, the halibut/ sablefish IFQ fishery expanded from a few days to an eight month long season. While the number of Search and Rescue cases has dropped dramatically, these particular fisheries require a much longer enforcement season.

Coast Guard Cutters and aircraft also patrol areas outside the U.S. EEZ to monitor compliance with international agreements for the management of marine resources. Important examples include the Central Bering Sea ("Donut Hole") Pollock Convention and the North Pacific Ocean in support of the United Nations' world-wide moratorium on large-scale high seas pelagic drift net (HSDN) fishing. The Coast Guard works closely with the North Pacific Anadromous Fish Commission (NPAFC) to coordinate international enforcement efforts in a threat area covering over one million square miles. The Coast Guard in Alaska also participates in the North Pacific Heads of the Coast Guard forum that has a working group dedicated to high seas fishery enforcement issues around the Pacific Rim.

This period of growth in our fisheries enforcement mission in the post 9/11 operating environment requires a balance of cutters and aircraft to meet myriad mission demands with aging legacy assets. Some of the challenges of the aging fleet are that our cutters continue to experience more and more lost operational days due to mechanical failures. However, there are a number of long and short-range initiatives underway to improve our effectiveness and mitigate the reduced hours dedicated to fisheries enforcement.

Strong partnerships with other agencies, the use of technology, a world-class fisheries training program, new maritime security assets, and most importantly the development and implementation Integrated Deepwater System will greatly contribute to our effectiveness in Alaskan fisheries enforcement.

Strong Partnerships: Effective living marine resource management and enforcement requires a team effort. In Alaska, the Coast Guard enjoys and values excellent relationships with the NPFMC, National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration, the United States Attorney, the State of Alaska, and the fishing industry. We have also developed solid working relationships with our Pacific Rim partners in Russia, Japan, South Korea, China, and Canada to help thwart illegal fishing on the high seas. This summer, the USCGC JARVIS is participating in a multilateral effort involving all these countries to combat illegal, unreported and unregulated (IUU) fishing in the North Pacific. This operation will also set the stage for multilateral cooperation in other mission areas such as migrant interdiction, counter narcotics, and maritime security.

Use of Technology: To better leverage existing technology, the Coast Guard is promoting the expanded use of VMS in Alaska fisheries. This will allow us to better monitor compliance with the ever-growing regulatory regimes and expansive closed areas. VMS can also benefit resource managers and has been used a number of times in SAR cases. As new sweeping fishery management programs are being developed, new tools for enforcement need to be developed as well. Existing technologies such as VMS, electronic logbooks and video monitoring all have potential applications as fishery enforcement tools that can help mitigate some of the enforcement challenge of complex fishery regulations that occur over an enormous space in Alaska. A good example is the VMS provisions required under the new crab rationalization program. Crab rationalization will likely take what has recently been a one-week fishery and expand it to several months and distribute fishing effort over a much larger area. VMS will be a critical component in helping to ensure the safety of its participants, and to ensure compliance with this extremely valuable fishery.

Fisheries Training: The Coast Guard's North Pacific Regional Fisheries Training Center (NPRFTC) in Kodiak has been a key component in training Coast Guard boarding officers in these increasingly complex regulations. At the start of each major cutter patrol, the Center provides just-in-time training in the specific fisheries the cutter will enforce throughout their patrol. NPRFTC also deploys instructors with the cutters to reinforce the training provided and to assist with actual boardings. Imperative to the great success of the Training Center is the ongoing enthusiastic participation of the fishing industry, NMFS, and other federal/state partners in the training process.

New Maritime Security Assets: What will have the greatest impact on our ability to continue to provide effective enforcement in Alaska fisheries is the new capability that comes with the Maritime Safety and Security Teams (MSST) and most significantly, the Integrated Deepwater System. MSST Anchorage was commissioned earlier this year and has already begun to execute a number of Ports Waterways and Coastal Security missions throughout the State; missions previously accomplished by our cutters and small boats. For example, to date, the MSST has conducted over 50 cruise ship escorts, provided several weeks of harbor patrols in Valdez, and

provided security for a military out load in Anchorage. This has allowed my patrol boats to focus more effort on fisheries enforcement.

Deepwater: at-sea fisheries enforcement is conducted by the Coast Guard Deepwater assets. The Deepwater program will modernize our aging and obsolete legacy cutters, aircraft, and C4ISR systems, greatly increasing the Coast Guard's Deepwater mission performance and awareness within the maritime domain. Deepwater has never been more relevant for conducting Coast Guard operations, and in this case the fisheries enforcement in a vast and often harsh environment. Despite notable successes, of which there are many, there are areas of concern that warrant continued focus and attention. Most notably is the continuing readiness struggle of our Deepwater fleet. Our major cutters and aircraft are the centerpiece of our maritime presence in the North Pacific and Central Bering Sea. These assets are continuing to face severe maintenance and readiness challenges that, when combined with an increased post-9/11 operations tempo, impair the Coast Guard's ability to ensure effective enforcement presence in all areas of concern. Any reduction in Deepwater funding will result in operational capacity going away faster than it can be replaced. The two oldest cutters in the fleet are both home ported in Alaska and are slated to be decommissioned in the not-too-distant future and replaced with new Deepwater cutters. The scheduled replacement of these cutters is in jeopardy if Deepwater funding is reduced below the President's requested levels. Without the requested funding, the acquisition and thus current and future Coast Guard readiness and ability to perform at-sea fisheries enforcement is put at substantial risk. The Coast Guard greatly appreciates your support over the years and asks for your continued support of The President's Deepwater funding request of \$966M in Fiscal Year 2006.

Magnuson-Stevens Reauthorization

The fisheries management system is working well in Alaska. Federally managed stocks in Alaska are healthy and there is a commitment to the resource from managers, industry and enforcement agencies alike. The open public process and culture of science and conservation that exists in the North Pacific guides the decisions of the Council. This in and of itself fosters compliance, and therefore, facilitates the job of the Coast Guard. The Coast Guard routinely provides comment throughout the development of management measures and regulations regarding both enforcement and safety, but remains neutral to allocation issues and specific conservation and economic objectives. Our role in the Council process is to provide expert advice on the operational realities of at-sea law enforcement and vessel safety during the development of various management measures and alternatives. Nevertheless, the Coast Guard can and does influence the development of regulations. Our participation as a non-voting member on the regional councils is the starting point of effective enforcement. We value this role and take this responsibility very seriously.

The Administration is considering a number of amendments to the Magnuson-Stevens Act to enhance the effectiveness of fisheries law enforcement. In Alaska, tools such as broader application of VMS and cooperative state-federal enforcement programs are used to achieve enforcement, management, and safety objectives. Incorporating existing technology and leveraging strong enforcement partnerships are becoming more and more important as the requirements for fisheries enforcement change in response to changes in fisheries regulations and other law enforcement demands.

Closing

Federal fisheries management, through the work of the North Pacific Council, is a collective success story. The Coast Guard has always been a welcome partner at the NPFMC and our recommendations regarding enforcement and safety are always carefully considered. Fishery management in the North Pacific continues to be successful because the three core components of sound management, use of the best available science and effective enforcement are part and parcel of every management measure. We look forward to and are committed to maintaining this effective partnership into the future.

Thank you for the opportunity to discuss this important issue with you today. I will be happy to answer any questions you may have.

Mr. GILCHREST. Thank you, Admiral Olson. The sound from the microphones is at maximum right now. So I would just ask the witnesses, if they could to speak directly into the microphones so those

in the rear can hear a little more clearly. Thank you, Admiral Olson. Mr. Bedford.

STATEMENT OF DAVID BEDFORD, DEPUTY COMMISSIONER OF FISHERIES, ALASKA DEPARTMENT OF FISH AND GAME

Mr. BEDFORD. Good morning Mr. Chairman and Congressman Young. For the record, my name is David Bedford. I serve as Deputy Commissioner of the Alaska Department of Fish and Game. I also serve as the Commissioner for the State of Alaska on the Pacific Salmon Commission. I want to welcome you to Alaska and thank you for the opportunity to provide some comments on Alaska's stewardship of its bountiful fishery resources. The Alaskan approach to fishery management is grounded on obligations set in the State Constitution, requiring management of fish and wildlife to provide for sustained yield and reserving fish and wildlife for the common use of the people. Management responsibility is divided between the Department of Fish and Game and a seven-member Board of Fisheries. The Board is charged with developing management plans that provide for resource conservation and allocate harvest among sport, personal use, commercial, and subsistence fisheries. The department is charged with conducting research, monitoring resource status, and with managing harvest consistent with the management plans developed by the board.

Federal waters fisheries are subject to regulation under the Magnuson-Stevens Fisheries and Conversation Management Act. With the North Pacific Fishery Management Council responsible for developing fishery management plans. NOAA Fisheries is the principal management agency, but the management of many Federal waters fisheries is delegated in substantial measure to the State of Alaska.

The major turning points in the development of Alaska's fishery management were marked by events that increased local control. Prior to statehood Alaska's salmon fishery were managed by Federal agencies in Washington, D.C. Federal management of salmon was an unqualified failure. In 1953 President Dwight Eisenhower declared a disaster in Alaska because salmon runs had declined precipitously. With statehood Alaska replaced distant disengaged Federal management with direct local hands on control. As a consequence Alaska's salmon runs were restored.

The other significant turning point came in 1976 with the passage of the Magnuson-Stevens Act. With the creation of the North Pacific Fisheries Management Council, and consequent local control under Magnuson-Stevens, the Council instituted a management program with conservation and long term sustainability at the heart of that program.

Alaskan fisheries management is successful because it's based on a long term perspective seeking to conserve fishery resources for use both today and by succeeding generations. Alaska relies on a number of strategies. Management decisions provide first for resource conservation, and then for human use. In that fashion we provide for use across generations. Management is based on science, management is adaptive, it uses current information. Harvest allocation and resource management are held distinct. The public has a meaningful role in allocation of management decisions.

One important distinction between management under the Magnuson Act and the state management program is the effect of litigation on fisheries management. While the state has comprehensive statutes governing the regulatory process, it is rare that the implementation of a management plan is delayed by litigation. In contrast the Council's regulatory process is often interrupted by litigation. Generally with claims asserting a procedural violation of the National Environmental Policy. This is unfortunate since the public process that the Council follows and the rigorous science that grounds Council actions satisfies the policies that underline NEPA and covers most of the substance of that Act as well.

The success in maintaining abundant resources and viable fisheries in Alaska leads to the conclusion that Magnuson-Stevens is, in many regards effective as written. Some provisions of Magnuson-Stevens Act are particularly important if we expect to continue this record of success. In particular the Council structure should be kept as is. With the Governor's making recommendations for Council appointments and the seats designated by statute left unchanged. There are also some amendments to the Act which would improve management.

The Magnuson-Stevens Act, NEPA, and the Administrative Procedures Act all influence fisheries planning and program development. And sometimes create long delays in permitting and decisionmaking. This can be addressed by amending the Magnuson-Stevens Act to deem Fisheries Management Plans to be the functional equivalent of the NEPA document. The Act should also be modified to authorize dedicated access privileges. The North Pacific Management Council has implemented successful fishery management programs, including Individual Fishing Quotas, cooperatives, and community development quotas. This should be in the toolbox for the Council's in the future.

There should be a change in the definition of over fishing to acknowledge natural impacts. Currently there is not codified term for natural population declines. So the terms over fished and over fishing are used in all instances in which that occurs, regardless of cause.

Perhaps the greatest challenge that the State of Alaska will face is preserving the active role that our state plays in fisheries management. As Congress considers reauthorization, the establishment of a national oceans policy and other relevant fishery related legislation. The State of Alaska's greatest challenge and highest priority will be to insure that Congress acknowledges our state's jurisdiction, considers our state's unique characteristics, recognizes our management successes, incorporates local knowledge in the management process, and fosters firm Federal, state partnerships. The driving force behind Alaska statehood was the opportunity to gain sovereign control over the management of our fisheries resources. The exercise of this sovereignty is responsible for the sustainability and success of our fisheries. As we discuss fishery policy at a national level, local control of the fisheries and fisheries resources is something that the state will seek to maintain. Thank you very much for the opportunity to speak. I'd be glad to answer any questions you have.

Mr. GILCHREST. Thank you, Mr. Bedford.

[The prepared statement of Mr. Bedford follows:]

**Statement of David Bedford, Deputy Commissioner,
Alaska Department of Fish and Game**

Introduction

Good morning, Mr. Chairman. For the record, my name is David Bedford. I serve as Deputy Commissioner of the Alaska Department of Fish and Game focusing on fishery issues. I also serve as the Commissioner for the State of Alaska on the Pacific Salmon Commission, the body responsible for developing conservation and harvest sharing agreements for Pacific Salmon under a treaty between the United States and Canada. I am appearing on behalf of Governor Murkowski. He appreciates your invitation but was called away on other pressing business and asked that I appear on his behalf.

I want to welcome you and the members of the Committee to Alaska and thank you for the opportunity to offer comments to the Committee on Alaska's stewardship of its bountiful fishery resources. Alaska's people depend on our fisheries as a source of livelihood, recreation and nutrition. Alaskans take advantage of our fishery resources in subsistence, commercial, sport and personal use fisheries. Over half of the total harvest of fish in the United States is taken from the waters off Alaska. Our fisheries support half of the jobs in Alaska fully or in part.

I intend to address the questions raised by the committee in its letter inviting Governor Murkowski to testify. Management in Alaska is divided between state and federal waters. It is my understanding that the Committee has invited other witnesses who will speak directly to federal management under Magnuson Stevens so I will focus my comments on management under the state system.

I. Fishery Management in Alaska.

Fishery management in Alaska is divided between federal waters fisheries and state waters fisheries with different bodies of law, management agencies, and regulatory authorities engaged in each.

Alaskan fishery management is grounded on obligations set in the state constitution requiring management of fish and wildlife to provide for sustained yield and reserving fish and wildlife for the common use of the people. Thus, the constitution sets the standard for conservation of the resource with the objective of allowing for human use of that resource in perpetuity. To meet these basic obligations Alaska's founders divided management responsibility between the Department of Fish and Game and a seven member Board of Fisheries. In broad-brush strokes, the Board is charged with developing management plans that provide for resource conservation and allocate harvestable surplus among users. The department is charged with conducting research, monitoring resource status to generate the information necessary to support development of management plans and with managing harvest consistent with those management plans.

The state's management program embraces an array of human uses including sport, personal use, commercial and customary and traditional subsistence fisheries. Subsistence, which accounts for a small percentage of the total harvest, is accorded a priority under state law. After providing for the subsistence opportunities, the Board of Fisheries allocates the remaining harvestable surplus among the other fisheries.

The state manages a wide variety of fisheries with management plans in each region of the state that address specific fisheries for identified species. For example, the Alaska Administrative Code has nine management plans for the harvest of finfish in subsistence fisheries with the first applying to Kotzebue in Western Alaska and proceeding across the state to Southeast Alaska where we currently sit. Elsewhere, the code contains twelve management plans for the commercial harvest of salmon in the Bristol Bay region. Each area has a set of management plans that fit its unique set of fisheries and may cover salmon, herring, crab, black cod, rockfish, ling cod and a variety of other species.

Federal waters fisheries are subject to regulation under the Magnuson-Stevens Fishery Conservation and Management Act with the North Pacific Fishery Management Council responsible for developing fishery management plans. NOAA Fisheries is the principle management agency but the management of many federal waters fisheries is delegated in substantial measure to the State of Alaska. This is not surprising since fish move freely between state and federal waters and the state had a fully developed management program for many of the species of concern to the Council and NOAA when the Magnuson-Stevens Act was adopted. The Council and Alaska Board of Fisheries collaborate in development of fishery management plans when the stocks and fisheries overlap their respective jurisdictions.

II. Major turning points in the development of fisheries management in Alaska.

The major turning points in the development of Alaska's fishery management were marked by events that increased local control. Prior to Statehood, in 1959, salmon fisheries were managed by federal agencies in Washington D.C. With statehood, Alaska gained local control of fishery management, replacing federal management with the state agency and Board of Fisheries. In 1976, with the passage of the Magnuson Act, the United States began to take control of fisheries in federal waters from 3 to 200 miles off shore and vested regulatory authority in the North Pacific Fishery Management Council, a body with a majority from Alaska.

Federal management of salmon in Alaska was an unqualified failure. Under federal management, fishery seasons were set prior to the beginning of the fishery with little resource monitoring or in-season control of the fisheries. In 1953, President Dwight Eisenhower declared a disaster in Alaska because salmon runs had declined precipitously and at statehood in 1959 the total harvest had fallen to 25 million fish, the lowest catch since 1900.

The crisis in the salmon fishery was one of the principle driving forces behind Alaska's efforts to secure statehood. Bill Egan, President of the Alaska Constitutional Convention put it succinctly in a message to the Delegates of the Convention, February 5, 1956:

It is my very firm conviction that, in the immediate years following the advent of statehood to Alaska, our fisheries conservation problem will be solved. With local control of our fisheries, the annual pack of salmon taken from territorial waters will quickly take an upturn because conservation policies would then be laid down by Alaskans intimately familiar with the problem. "the solving of the problem of perpetuation of our great fisheries resource can only be accomplished with the right to fully govern ourselves.

With statehood, Alaska replaced distant, disengaged federal management with direct, local, hands-on control. Area management biologists were empowered to open and close fisheries based on the data collected during the fishery. Instead of establishing fishing periods at the beginning of the year, openings were modified weekly or even daily.

While this approach introduced day-to-day uncertainty for fishermen and fish processors, it gave substantial assurance that conservation goals would be met thereby improving prospects for harvests in future years. With local control, sustained yield came first. As one management biologist put it, "If you put too many salmon in the river and short changed the fishermen's harvest you could expect some pointed criticism. But if you put too many fish in the fishermen's nets and shortchanged the escapement you could expect to lose your job."

By the early 1980's, the salmon runs were restored and the 1990's saw a series of record harvests.

The other significant turning point came with the implementation of the Magnuson-Stevens Fishery Conservation and Management Act (MSA) in 1976. The MSA was intended to extend the United States' control over submerged lands and marine resources out to 200 miles off shore. MSA Americanized the offshore fisheries, which at the time, were controlled by foreign fishing fleets. It also established the fishery management councils, which created a substantial level of local control over the developing federal waters fisheries.

Prior to the MSA, the foreign fleets had every reason to maximize harvest and no reason to support long-term conservation since harvests were not limited and any fish forgone by one vessel would likely be hauled in by someone else.

As Ted Stevens observed:

As a young Senator, I once went to Kodiak... and flew up to the Pribilofs. As we flew up there we counted 90 factory trawlers that were fishing out there during the winter. This was right about the time of the Russian Christmas. We were appalled. I sent them back to make some photographs of the decks of those trawlers. There was everything on the decks from ocean mammals to all types and species of fish. Many of the trawlers had a hole in the center of the deck. They just shoved everything in—there was a big grinder inside and everything that went down the hole was ground up into meal. Being appalled about that I went back and talked to my friend, Warren Magnuson, and that was the beginning of the 200-mile limit legislation.

TESTIMONY OF U.S. SENATOR TED STEVENS, U.S. COMMISSION ON OCEAN POLICY, ALASKA REGIONAL MEETING, ANCHORAGE, ALASKA, AUGUST 21, 2002

With the creation of the North Pacific Fishery Management Council and the consequent local control under MSA, the council instituted a management program similar in many ways to that employed by the State of Alaska with conservation and long-term sustainability at the heart of its management program.

III. Strengths of Alaskan fisheries management.

Alaskan fishery management is successful because it is based on a long-term perspective, seeking to conserve fishery resources for use both today and by succeeding generations. Alaska relies on a number of strategies in its management to achieve these ends:

- The resource comes first. To assure long-term use and sustained yield, management must begin by setting conservation objectives and control harvest to ensure that these objectives are met.
- Management is based on science. Fishery resources are studied to determine life history, long-term conservation requirements and harvests are set based on the resource that is surplus.
- Where possible, management is adaptive and uses current information. Alaskan managers monitor the fishery harvests and respond with fishery openings and closures or other modifications as new information becomes available. If there is no source of current information the harvest is set at conservative levels.
- Harvest allocation and resource management are distinct. The managers responsible for monitoring the fishery resource and making decisions on when and where the public can harvest must make objective decisions based on science and dictated by the status of the resource. Decisions on allocating the available harvest users should be and is decided by another body, the Board of Fisheries.
- The public has a meaningful role in allocation and management decisions. The resource allocation process conducted by the Alaska Board of Fisheries is open to the public with the issues debated and decisions made in public session. In addition, the Department of Fish and Game has established a number of advisory groups to help develop strategies to implement fishery management plans. Meaningful public involvement in resource management engenders support for resource conservation and helps in the development of harvest plans that increase efficient use.

The management of federal waters fisheries is parallel in many regards. Harvests are established based on the best available science with caution increasing as the certainty of the data decreases. Furthermore, the activities of the council are kept distinct from that of scientific advisors with the council limiting harvests to levels below the maximum determined acceptable by the Scientific and Statistical Committee. As with state fisheries, management of the federal waters fisheries relies on in season catch monitoring with the fisheries closed as harvest levels are reached.

A single important distinction between management under MSA and the state management program is the effect of litigation on fishery management. While the state has comprehensive statutes governing the regulatory process relatively few decisions of the Board of Fisheries are overturned in state court and it is rare that implementation of a management plan is delayed by litigation. In contrast the Council's regulatory process is often interrupted by litigation, generally a claim asserting a procedural violation of the National Environmental Policy Act (NEPA). This is unfortunate since the public process that the Council follows and the rigorous science that grounds Council actions satisfies the policies that underlie NEPA and covers most of the substance of the Act.

IV. Progress toward ecosystem-based approaches to fisheries management.

The state management program takes ecosystem considerations into account both in the science underlying management and in the regulatory process. For example, the department generally manages salmon stocks for a biological escapement goal, that is, the number of salmon returning to a river that is necessary to provide for maximum sustained yield. Biological escapement goals, when calculated, take a holistic view toward identifying the escapement level, on average, that will, in perpetuity, provide these yields, given all other mortality to the stock, the ecological role of the stock and its function within the various ecosystems in which it is involved.

While ecosystem management is a new and developing approach to fishery management, quite frankly the ecosystem factors of greatest impact in Alaska are large-scale environmental changes over which we have little influence and to which we can only react. For example, the cyclical changes in weather and water temperatures of the Pacific Decadal Oscillation have very substantial effects on the abundance and distribution of marine populations with consequent impacts on opportunities for human use.

At the federal level, the North Pacific Fishery Management Council currently includes many ecosystem considerations in the development of fishery management plans. I understand that the Council has constituted a committee that is assessing how ecosystem management might be better incorporated into existing management process and is looking at developing a Fishery Ecosystem Plan for the Aleutians Islands.

V. Lessons from the North Pacific for the reauthorization of the Magnuson-Stevens Act.

The success in maintaining abundant resources and viable fisheries in Alaska leads to the conclusion that Magnuson-Stevens is, in many regards, effective as written. Some provisions of MSA are particularly important if we expect to continue this record of success:

- The Council structure should be kept as is, with the governors making recommendations for council appointments and the seats designated by statute left unchanged. Local knowledge and local control of the fisheries is one of the keys to the success of management at both the federal and state levels.
- Science is the firmament on which management stands. Therefore, the Act should maintain the use of credible science with a clear separation between resource assessment and allocation by utilizing an independent Scientific and Statistical Committee.
- The North Pacific Fishery Management Council has proved to be an effective steward of the marine resources. Consequently, the Act when reauthorized, should continue to support the council process by:
 1. Maintaining current authority of the Council to address cold water corals/fisheries interaction issues through fishery management plans and Essential Fish Habitat (EFH) provisions.
 2. Maintaining current authority of the Council to regulate Marine Protected Areas (MPAs) through Fishery management plans.
 3. Maintain “rollovers” of Fisheries Management Plans if they are not approved by NOAA Fisheries in a timely manner once approved by the Regional Fishery Management Councils.

While the Act, as written, has in general permitted effective management of fisheries in the North Pacific, there are some amendments to the Act which would improve management:

- *Reconcile MSA, NEPA, APA, etc. in the interest of a more efficient process.*

The Magnuson-Stevens Act, NEPA, and the Administrative Procedure Act (APA) all influence fishery management planning and program development, sometimes creating long delays in permitting and decision-making. These delays are unnecessary and cost the government, the fishing industry, and coastal communities time and money. The MSA could include the best parts of NEPA and the APA—such as ensuring public participation and thorough environmental and economic analyses—while removing many of the cumbersome requirements.

What it means to Alaska: Alaska’s fishing industry is its largest private sector employer and produces over half of the nation’s seafood harvests. The economy of many Alaska coastal communities is dependent upon fisheries. A streamlined regulatory process helps assure the timely and responsive fisheries management that the Alaskan fishing industry and dependent coastal communities require to maximize fisheries value.

Amendment: Insert language into MSA deeming Fishery Management Plans (FMP) to be the functional equivalent of a NEPA document. To achieve this functional equivalency, Congress may choose to require an FMP include:

- a. a description and assessment of alternatives;
- b. an evaluation of the relationship between local short-term uses of the fishery resources and the maintenance and enhancement of long-term productivity;
- c. an assessment of significant impacts on non-targeted species;
- d. an assessment of significant adverse effects to the marine ecosystem which cannot be avoided should the proposal be implemented;
- e. an assessment of significant social and economic effects, including those to coastal communities; and
- f. a public participation requirement that is fulfilled through oral and written public testimony to the Regional Fishery Management Councils (RFMCs).

- *Assure an appropriate definition for an ecosystem-based approach to fisheries management.*

Ecosystem approaches to management are the new trend in marine management. If ecosystem-based approaches to fisheries management is added to the MSA, it must be appropriate to implement, scientifically defensible, and recognize human uses as essential. Therefore, socio-economic data must be an integral component of an ecosystem-based approach to management. Ecosystem variables must be explicitly defined, new funding made available so that base programs are not sacrificed, and research priorities made clear.

What it means to Alaska: The State of Alaska and the North Pacific FMC already manage resources with the ecosystem in mind, as Alaska's sustainable fisheries demonstrate. Proposed changes to law such as, compelling RFMCs to consider matters that aren't scientifically defensible or fiscally feasible, or that fail to account for human uses, threaten Alaska's current sustainable fisheries management regimes.

Amendment: Provide a definition of an ecosystem-based approach to fishery management that recognizes human uses as a vital ecosystem component, evolves with new science, and expands to sufficiently support the approach. Since the number of factors that might be involved in ecosystem approaches to management would be numerous, MSA should specify the factors that RFMCs must consider or establish a process in which the RFMCs make that determination. If the RFMC identified the factors, the Science and Statistical Committee should be identified as the source of expert advice in statute.

- *Authorize Dedicated Access Privileges (DAPs) for use by RFMCs.*

The NPFMC has implemented several successful fishery management programs that allow fishermen to fish with DAPs—including Individual Fishing Quotas (IFQs), cooperatives, and community development quotas (CDQs). Every RFMC should have the opportunity to develop and utilize DAP programs in the future, if they feel it appropriate for their fisheries. If use fees are implemented as part of DAPs management, a share of such fees should be allocated to states to assist with their share of research, data, management, and enforcement costs.

What it means to Alaska: The race for fish has intensified in Alaskan fisheries; as a result, fishermen are more efficient and fleets are overcapitalized. Fast-paced, compressed fisheries encourage productivity over safety for fisheries participants, restrain bycatch reduction, reduce attention to habitat concerns, and hinder use of quality handling practices that provide for product and market diversity and increased value. Alaska's experience with IFQs and cooperative management demonstrates that share-based fishery management effectively addresses these problems. DAPs are a tool that must remain in the RFMC management toolbox.

Amendment: DAPs should be authorized for use by RFMCs and replace "IFQ" throughout MSA.

- *Change the definition of "overfishing" to acknowledge natural impacts.*

Shifts in water temperature, degradation in habitat, pollution, or disease can cause fish populations to drop below harvestable levels. Currently, there is no codified term for natural population declines, so the terms "overfished" and "overfishing" are used. Using these terms unfairly places the blame on fishermen, when fishing is not the cause of a population decline.

What it means to Alaska: In Alaska, while there is little habitat degradation or pollution, there is widespread evidence of climatic changes that have affected the distribution and abundance of marine resources. In order to avoid unnecessary and undesirable economic and regulatory consequences, it is important that when stocks of groundfish and shellfish are at lower levels of abundance, as a result of changes in the natural environment, they are not mislabeled as "overfished".

Amendment: The terms "overfishing" and "overfished" should refer only to the effects of fishing harvests and pressure, not to the effects of habitat degradation, pollution, or natural environmental of climatic changes.

- *Support federal funding of VMS deployment requirements, as necessary.*

Vessel Monitoring Systems (VMS) can monitor, among other things, vessel location, when a boat is fishing, and surface water temperature. Tracking vessels by satellite can facilitate search, rescue and enforcement efforts. However, VMS should not be required, but used as necessary, practicable, and feasible. When VMS is used, state and federal agencies should jointly determine the appropriateness of its use and share VMS data, something not currently occurring. VMS data is not protected from the Freedom of Information Act and therefore, confidentiality is of concern. When VMS is required, capital costs should be borne by the federal government.

What it means to Alaska: Alaska's fisheries are prosecuted by a very diverse fleet, ranging in size from under 30' to the largest factory trawler. A one-size fits all approach to VMS requirements is inappropriate given this diversity.

Amendment: Congress should require a cost/benefit analysis to determine the feasibility of VMS use for its potential conservation, enforcement, and safety benefits, as well as a cumulative impacts examination as to existing, overlapping, and redundant requirements for commercial fishing vessels. Data-sharing agreements between state and federal agencies should be developed, while considering individual confidentiality.

- *Prevent Data Quality Act infringement on RFMC use of science for management.*

The Data Quality Act has recently come to our attention. While we have not yet had the opportunity to fully explore this Act, we do believe that, that as written, it has the potential to have significant ramifications on the RFMC process and could result in major delays in management actions, as well as a defacto de-regionalization result.

Amendment: Given the uncertainty that this Act interjects into the RFMC process, we recommend that inclusion of language in MSA which stipulates that a properly constituted Scientific and Statistical Committee could serve as the peer review panel for influential and highly influential data and analyses related to management of the fisheries in the U.S. Exclusive Economic Zone.

VII. Sources and levels of funding for fisheries management and scientific activities.

Alaska manages fisheries in both state and federal waters and is subject to commitments entered into by the United States under international fishery treaties. Furthermore, the state receives grants under entitlement programs available to all the states for the development and management of sport fisheries. Consequently, Alaska's fishery management program is supported by both state and federal funds.

Overall, the state will provide approximately \$36 million for fishery management in Fiscal Year 2005. The federal contribution to management of commercial fisheries will be approximately \$14 million. Additional federal resources are available for fisheries research through the Alaska-Yukon-Kuskokwim Sustainable Salmon Initiative and the North Pacific Research Board.

VIII. What new challenges do you foresee?

In general, Alaska's fisheries face the same challenges as any other fishery ranging from changes in weather to changes in water temperatures. As I mentioned previously, these factors have the potential to affect marine populations, and as a consequence, are likely to impact human use opportunities.

But perhaps the greatest challenge that the State of Alaska will face, is preserving the active role that our state plays in fisheries management. As Congress considers MSA reauthorization, the establishment of a national oceans policy, and other relevant fisheries-related legislation, the State of Alaska's greatest challenge and highest priority will be to ensure that Congress (1) acknowledges our state's jurisdiction, (2) considers our state's unique characteristics, (3) recognizes our management successes; (4) incorporates local knowledge in the management process; and (5) fosters strong federal-state partnerships.

The driving force behind Alaska's statehood was the opportunity to gain sovereignty over the management of our fisheries resources. The exercise of this sovereignty is responsible for the sustainability and success of our fisheries. As we discuss fisheries policy at a national level, it is this sovereignty and local control of the fisheries and fishery resources that the state will seek to maintain.

We also face the challenges created by ever-increasing globalization of the economy. In the past, markets were regional. Now, they are global. Improvements in technology, communication, and transportation have changed the socio-economic landscape of our world. While these changes present new opportunities, they also present new challenges.

Take, for example, the proliferation of finfish farming around the world. Today, farmed salmon raised in Chile compete directly in market places around the world with wild Alaska salmon. Farmed salmon has provided a cheaper alternative to wild Alaska salmon, and as a result, has depressed salmon prices around the globe. In recent years, Alaskan fishermen and the State of Alaska have been working diligently to promote the benefits of eating wild Alaskan salmon. And, our promotion efforts are yielding impressive results. Still, the realities of this global marketplace are presenting some unprecedented challenges.

Finally, we face the difficult challenge of balancing economic and social interests associated with fisheries. One need only look to the debate over crab fishery rationalization in the Bering Sea or groundfish fishery rationalization in the Gulf of Alas-

ka to understand how difficult slowing “the race for fish” can be. In many of these cases, fisheries that used to last for weeks are now executed in days thanks to better technology and gear. But these improvements, and the speed of the fisheries, have impacts on the health of our fishery resources.

As the State of Alaska attempts to slow “the race for fish,” public debates over rationalization and cooperative structures are ensuing. As responsible managers of our state’s fishery resources, we face the difficult tasks of finding a way to sustain our fisheries, increasing the value of our catch, and providing economic benefits to the state, our local communities, and individual fishermen. Balancing these interests will not be easy and will take time, but I’m confident that Alaskans are up to the challenge.

Mr. GILCHREST. Ms. Madsen?

**STATEMENT OF STEPHANIE MADSEN,
NORTH PACIFIC FISHERY MANAGEMENT COUNCIL**

Ms. MADSEN. Thank you. Good morning, my name is Stephanie Madsen. And I’m the Chair of the North Pacific Fishing Management Council. Welcome to Alaska, Mr. Chairman, and welcome home Congressman Young. Thank you for the opportunity to offer comments to the Subcommittee this morning. On fisheries management successes in Alaska and the reauthorization of the Stevens-Magnuson Fisheries Conversation Act.

First, let me say that the North Pacific Fishery Management Council believes strongly that the current system of managing our fisheries, as envisioned by the Magnuson-Stevens Act can and is working effectively. When carried out properly the council process has all the ingredient of responsible stewardship of our marine resources. It is based on science. It is deliberative and transparent. And it representative of all user groups, and the general public. We believe we have a very successful model in the North Pacific which demonstrates that the basic tools for successful and sustainable management exists within the current MSA. However, we recognize that a number of changes are being contemplated and we hope our input and our examples will be informative to the development of appropriate amendments to the act.

My written testimony provides comments in all the areas of interest expressed in your invitation. I thank the committee for allowing the Council to appear here as well as in Kodiak on Friday. I would like to use my time this morning to address the members interest in the process of fisheries management in Alaska. And our ecosystem-based management work. In Kodiak I will provide information on our programs, as well as lessons we would like to share from the North Pacific for reauthorization. Successful management program for Alaska’s offshore fisheries has been developed in the North Pacific Council through it’s partnerships with NOAA Fisheries. And working closely with ADF&G, the International Pacific Halibut Commission, Pacific States Fisheries Marine Commission, and of course the United States Coast Guard.

Another key to successful management is incorporating diverse views and to decisionmaking. Through a transparent public process. Meetings are open and public testimony, both written and oral are taken on every issue prior to deliberations and final decisions. The foundation for success has been a long standing precautionary approach embraced in the North Pacific. Supported by an underpinning of sound science. And reliance on that science. And by a

fishing industry supporting a priority toward long term sustainability. Strict annual catch limits for every groundfish fishery are set using a rigorous process that has been in place for almost 30 years. Which insures that annual quotas are set at conservative, sustainable levels.

Beginning with the scientific data from regular abundant surveys, stock assessment scientists recommend acceptable biological catch. Our ABC's, these are reviewed by the Councils Groundfish Plan Teams. Further reviewed by the Councils SSC prior to the Council setting the total allowable catch, our TAC's. Which is always set at or below the ABC, and far below the designated over fishing level.

We believe scientific advice is critical to the successful management process and should be an integral part of the council process rather than separate aspect of the overall decisionmaking process. These quotas are closely monitored to insure accurate accounting on a real time basis. At the core of the monitoring system is a comprehensive, industry funded, onboard observer program. Coupled with requirement for total weight measurement of most fish harvested. Enforcement of fishery regulations is accomplished as you've heard today by complementary efforts of NOAA and the state enforcement agencies and the U.S. Coast Guard, both on the grounds and dockside.

Notwithstanding this success, the Council and NOAA Fisheries continue to develop new and innovative approaches to address issues such as by catch, protecting habitat, over capacity, and further development of ecosystem oriented management approaches. In 2004 the Council and NOAA Fisheries completed a comprehensive assessment of it's overall management programs through approval of a Programmatic Supplemental Environmental Impact Statement, which we call our PSEIS. This process included adoption of revised goals and objective for the groundfish FMP's, which further strengthen the precautionary ecosystem-based approach to management. Specific measures have been take to minimize potential impact for marine mammals, seabirds, and other components of the Alaska marine ecosystem.

MSA currently allows for an ecosystem-based approach to fisheries management. And then incorporating ecosystem considerations into management can be strengthened with increased research funding and enhanced collaborative efforts. As you will hear, Mr. Chairman, in the next few days management of fisheries off Alaska is by all accounts a success story of biologic and economic sustainability. The importance of fisheries to Alaska coastal communities demand it. In summary, I believe our overall management process illustrates that the current MSA contains the necessary tools for successful, sustainable fisheries management. Strengthening the existing tools or imposing requirements to use the existing tools may be necessary in the reauthorization process. Thank you again for the opportunity to comment on the issues. We stand ready to help in any way we can as you further—as you are further shaping important changes to the Act, and to respond to those changes when they are finalized.

Mr. GILCHREST. Thank you very much, Ms. Madsen.

[The prepared statement of Ms. Madsen follows:]

**Statement of Stephanie Madsen, Chair,
North Pacific Fishery Management Council**

Good morning. My name is Stephanie Madsen, and I am the Chair of the North Pacific Fishery Management Council based in Anchorage, Alaska. Thank you for the opportunity to offer comments to the Subcommittee on fisheries management successes in Alaska and reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act. We believe we have a very successful model in the North Pacific, and we believe that the basic tools for successful and sustainable management exist within the current Magnuson-Stevens Act. However, we recognize that a number of changes are being contemplated and we hope that our input, and our examples, will be informative to development of appropriate amendments to that Act.

Fisheries Management in the North Pacific

The successful management program for Alaska's offshore fisheries has been developed by the North Pacific Council, through its partnership with NOAA Fisheries and close working relationship with other state and federal agencies, including the Alaska Department of Fish and Game (ADF&G), the International Pacific Halibut Commission, the Pacific States Marine Fisheries Commission, and the United States Coast Guard.

The North Pacific Fishery Management primarily manages groundfish in the Gulf of Alaska, Bering Sea, and Aleutian Islands. Groundfish include cod, pollock, flatfish, Atka mackerel, sablefish, and rockfish species harvested by trawl, longline, jig, and pot gear. The Council also makes allocation decisions for halibut, in concert with the International Pacific Halibut Commission which manages biological aspects of the resource for U.S.-Canada waters. Other large Alaska fisheries such as salmon, crab, scallops and herring are managed jointly with the State of Alaska.

The Council has eleven voting members representing state and federal fisheries agencies, and fishery participants. Six are from Alaska, three are from Washington, one from Oregon, and one representative from NOAA Fisheries. The Council's four non-voting members represent the U.S. Coast Guard, U.S. Fish and Wildlife Service, Department of State, and the Pacific States Marine Fisheries Commission. The Council receives advice at each meeting from a 20 member Advisory Panel (representing commercial fishing and processing industry sectors, environmentalists, recreational fishermen, and consumer groups), and from a 15 member Scientific and Statistical Committee (SSC) of highly respected scientists who review all information and analyses considered by the Council.

Decisions must conform with the Magnuson-Stevens Act, the National Environmental Policy Act, Endangered Species Act, Marine Mammal Protection Act, Regulatory Flexibility Act, and other applicable law including several executive orders. Regulatory changes may take a year or longer to develop, analyze, and implement, particularly if complex or contentious. All Council decisions are forwarded as recommendations to the Secretary of Commerce, for review and approval.

One of the keys to successful fishery management is incorporating diverse views into decision making through a transparent public process. Council meetings are open, and public testimony—both written and oral—is taken on each and every issue prior to deliberations and final decisions. Public comments are also taken at all Advisory Panel and Scientific and Statistical Committee meetings.

Importance of Alaska Fisheries

Fisheries are one of the most important industries in Alaska, culturally and economically, providing nearly half of all private sector jobs, and second only to the oil industry in providing revenue to the state. Over 10,000 people are involved in groundfish fishing and processing alone; thousands more work in the salmon, crab, scallop, and other fisheries. In addition, thousands of people work in other fisheries and fishing support industries, such as sport fishing guides, gear and fuel suppliers, restaurants, hotels, airlines, and others. With over 47,000 miles of coastline, and 336,000 square miles of fishable continental shelf area, the waters off Alaska support a variety of fisheries. Approximately 1,400 vessels participate in the groundfish and crab fisheries directly managed by the Council, ranging from small 20 foot skiffs fishing for near-shore halibut, to a 200+ foot catcher/processors prosecuting midwater pollock fisheries in the open waters of the Bering Sea. The majority of the fleet, however, consists of mid-size vessels, anywhere from 40 to 150 feet in length. These vessels are engaged in longline fisheries for halibut, sablefish, and cod; trawl fisheries for cod, pollock, and flatfish species; and pot fisheries for cod and crab. Recreational fisheries for halibut and salmon are an important part of the fisheries off Alaska.

These fisheries are worth nearly \$1 billion ex-vessel annually (amount paid to fishermen at delivery, prior to value-added processing). The groundfish fisheries

account for a majority of the overall value, but the halibut, salmon, and shellfish (crab) fisheries also contribute substantially. Additionally, the Council's community development quota (CDQ) program allocates from 7.5% to 10% of all groundfish and crab quotas to six CDQ groups consisting of 66 western Alaska coastal communities. Through partnerships with other industry groups, and through direct involvement in fisheries and development of fisheries related infrastructures, this program allows these remote coastal communities to continue and enhance their participation in Alaska fisheries.

Major Turning Points in Alaska Fisheries

Passage of the Magnuson-Stevens Act in 1976 marked a new era in U.S. fisheries management. Foreign fisheries in the EEZ off Alaska were rapidly phased out through joint-ventures, with the fisheries fully prosecuted by domestic fisheries ("Americanized") by 1990. Management efforts in the early 1990's focused on limiting effort of the burgeoning domestic groundfish fleet. By 1992, the fleet had grown to over 2,200 vessels, including about 110 trawl catcher processors (factory trawlers). The symptoms of overcapacity intensified; the "race for fish" resulted in shorter fishing seasons and allocation disputes among various fishing and processing interests.

To address the overcapacity problem, the Council, working together with the NOAA Fisheries Alaska Regional office, aggressively pursued capacity limitations in all managed fisheries. An Individual Fishing Quota program for halibut and sablefish fisheries was adopted in 1992, and fully implemented in 1995. A moratorium on new vessel entry for groundfish and crab fisheries was implemented in 1996, with a more restrictive license limitation program in place by 2000. In 1998, the American Fisheries Act was passed by Congress and implemented by the Council and NOAA Fisheries the following year. The Act limited access to the Bering Sea pollock fisheries only to qualifying vessels and processors, eliminated a number of large catcher processor vessels from the fleet, and established a system of fishery cooperatives that allows for individual catch and bycatch accountability. Lower bycatch and significantly higher product recovery rates have resulted under the pollock cooperative system. In 1999, the Council adopted a very restrictive limited entry program for the scallop fishery. In 2003, the Council completed its work on an individual fishing and processing quota system for the Bering Sea crab fisheries (crab rationalization), consistent with Congressional legislation. Current Council initiatives include development of further rationalization programs for Bering Sea non-pollock groundfish fisheries, and development of some form of rationalization program for Gulf of Alaska groundfish fisheries.

Measures implemented in the 1990's also were designed to limit impacts on target and bycatch species, marine mammals and seabirds, and habitat, and provide opportunities for disadvantaged coastal communities along the Bering Sea. A comprehensive domestic groundfish observer program, funded by participating vessels, was instituted in 1990 to provide the basis for controlling catch within allowable levels and monitoring removals of both target and bycatch species. Closure areas and bycatch limits were established for chinook and chum salmon taken in Bering Sea trawl fisheries. Additional year-round trawl closure areas were established to reduce bycatch and protect habitat for Bering Sea crab stocks. To reduce bycatch and discards of Alaska groundfish, mandatory retention of all pollock and cod was required beginning in 1998. Retention requirements are soon to be implemented for Bering Sea flatfish fisheries, and further reductions in bycatch and discard amounts (currently about 7%) are expected.

In 1990, Steller sea lions were listed as threatened under the Endangered Species Act, and numerous measures were implemented over the following decade to minimize potential interactions with fisheries and potential competition for prey. These measures included incidental take limits, 3 nm no entry buffer zones, 10 nm no trawl zones around rookeries, 20 nm no pollock fishing zones, seasonal and spatial dispersal of pollock and mackerel fisheries, and a prohibition on the harvest of forage fish. In 2001, a comprehensive suite of protection measures was implemented through Council recommendation which closed over 58,000 square miles of ocean to fishing for certain species, or in some cases to all fishing activities, to reduce fish removals and fishing activities in Steller sea lion critical habitat areas throughout the Gulf of Alaska, Bering Sea, and Aleutian Islands.

What Makes Alaska Different?

Management of fisheries off Alaska is, by all accounts, a success story of biological and economic sustainability. The foundation for success has been the long-standing, precautionary approach embraced in the North Pacific, supported by an underpinning of sound science and a reliance on that science, and by a fishing industry

supporting a priority toward long-term sustainability. Strict catch quotas for all managed species, coupled with an effective monitoring program, represent the forefront of the conservative management approach in the North Pacific. Since 1976, groundfish harvests have been maintained in the range of 3 to 5 billion pounds annually, and no groundfish stocks are overfished. Vast areas of the Bering Sea and Gulf of Alaska are closed to trawling, or in some cases to all fishing, to protect habitat, minimize bycatch, or minimize interactions with protected species such as Steller sea lions.

The Council's precautionary management approach is to apply judicious and responsible fisheries management practices, based on sound scientific research and analysis, proactively rather than reactively, to ensure the sustainability of fishery resources and associated ecosystems for the benefit of future, as well as current generations. The basic tenets of this approach include public participation, reliance on scientific research and advice, conservative catch quotas, comprehensive monitoring and enforcement, limits on bycatch of non-target species, marine protected areas, measures to protect marine mammals and seabirds, and other measures.

Strict annual catch limits for every groundfish fishery are the foundation of the sustainable fisheries management approach in the North Pacific. A rigorous process in place for almost 30 years ensures that annual quotas are set at conservative, sustainable levels. Beginning with scientific data from regular groundfish abundance surveys, stock assessment scientists recommend acceptable biological catch (ABC) levels for each species. These are reviewed by the Council's Groundfish Plan Teams, then further reviewed by the Council's Scientific and Statistical Committee, prior to the Council's setting of the Total Allowable Catch (TAC), which is always set at or below the ABC, and far below the designated overfishing level.

As an additional precautionary measure, the Bering Sea and Aleutian Islands quotas, for all groundfish combined, are capped at a maximum of 2 million metric tons (mt) annually, regardless of the maximum recommended ABC levels. For example, ABCs for the past several years have ranged from 3 to 4 million mt, yet TACs were reduced to stay within the 2 million mt cap. The Gulf of Alaska has a similar overall TAC cap. Catch of all species, whether targeted or taken as bycatch, whether retained or discarded, count toward the annual catch limits, and fisheries are closed when these limits are reached. This is one of the fundamental aspects of responsible management in the North Pacific groundfish fisheries.

These catch quotas are closely monitored to ensure accurate accounting on a real-time basis. At the core of the monitoring system is a comprehensive, industry-funded, on-board observer program, coupled with requirements for total weight measurement of most fish harvested. Except for small vessels less than 60 feet, all vessels fishing for groundfish in federal waters are required to carry observers, at their own expense, for at least a portion of their fishing time. The largest vessels, those over 125 feet, are generally required to carry observers 100% of the time, with multiple observers required on catcher/processors and in certain fisheries. Scales to weigh catch are also required on many of the larger vessels. Most shoreside processing plants are also required to have observers at all times, and to weigh all fish landed at each processing location. Observers estimate total catch weight, catch composition, and discards, and collect biological information critical to stock assessment. In excess of 36,000 observer days, by over 500 observers, are logged in these fisheries each year. In the North Pacific's largest fishery, for walleye pollock, nearly 85% of the total catch is measured and sampled by observers, with 99% of the catcher/processor (factory trawler) harvest sampled by observers. Used in conjunction with reporting and weighing requirements, the information collected by observers provides the foundation for in-season management and for tracking species-specific catch and bycatch amounts.

The Council and NOAA Fisheries are currently developing amendments to the fishery management plans that are designed to better ensure ongoing collection and quality observer data. These amendments will examine alternative funding mechanisms (for example, a fee-based program instead of direct payment by vessels required to carry observers), and alternative service delivery models, all designed to allow fisheries managers to more effectively determine specific observer deployments by fishery and by vessel. Technological innovations, such as digital (video) observer applications, are also being evaluated by the Council and NOAA to potentially supplement onboard observers.

Enforcement of fishery regulations is accomplished by complementary efforts of NOAA and State enforcement agencies, and the U.S. Coast Guard, both on the grounds and dockside. As part of their patrol activities, the Coast Guard enforces a complex array of domestic regulations and international treaties, including enforcement of the maritime boundary and high seas driftnet violations. The Coast Guard also maintains its priority mission of search and rescue, a critical mission

in all U.S. waters, particular in the volatile Bering Sea. NOAA Enforcement also conducts patrols and investigations throughout coastal Alaska to enforce fisheries regulations and total catch limits.

The North Pacific region also enjoys one of the strongest science support structures of any region. The Alaska Fisheries Science Center conducts annual stock assessments in the North Pacific, and provides the information upon which annual catch quotas are set. The comprehensive North Pacific groundfish observer program also is managed through the Science Center, and biological and economic analyses of proposed actions often involve Science Center personnel. The Alaska Department of Fish and Game also administers an observer program for the crab fisheries, and provides stock assessment information and in-season management for the crab fisheries, as well as the scallop fisheries and some rockfish species.

Notwithstanding this success, the Council and NOAA Fisheries continue to develop new and innovative approaches to address issues such as bycatch, protecting habitat, overcapacity, and further development of ecosystem-oriented management approaches. In 2004 the Council and NOAA Fisheries completed a comprehensive assessment of its overall management programs through approval of a programmatic supplemental environmental impact statement (PSEIS). This process included adoption of revised goals and objectives for the groundfish FMPs, which further strengthen the precautionary, ecosystem-based approach to management.

Progress Towards Ecosystem-Based Management

The North Pacific Fishery Management Council has a long track record of making precautionary fishery management decisions, and has continued developing its ecosystem-based approach. The approach is built upon four goals: 1) maintain biodiversity consistent with natural evolutionary and ecological processes, including dynamic change and variability; 2) maintain and restore habitats essential for fish and prey; 3) maintain system sustainability and sustainable yields for human consumption and non-extractive uses; and 4) maintain the concept that humans are part of the ecosystem.

The existing Alaska Groundfish FMPs contain many components of fishery ecosystem plans, or an ecosystem approach to management. Specific measures have been taken to minimize potential impacts to marine mammals, seabirds, and other components of the Alaska marine ecosystem. Major measures include limits on total removals from the system, a prohibition on directed fishing for forage fish species, seabird deterrent devices to minimize incidental bycatch of seabirds, a variety of measures to protect Steller sea lions from disturbance and potential competition with prey, and quasi marine reserves to conserve benthic biodiversity. However, recent recommendations from the U.S. Commission on Ocean Policy, and NOAA's own internal initiatives, underscore the need to even more explicitly incorporate ecosystem considerations in management of all U.S. fisheries.

In February 2005, the Council took significant action to identify and conserve essential fish habitat (EFH) from potential adverse effects of fishing. A 2,500+ page scientific analysis was prepared to evaluate the total impacts of fishing on EFH, and evaluate alternatives to describe and conserve EFH from fishing impacts. Although the analysis concluded that fisheries do have long term effects on habitat, these impacts were considered minimal and would not have detrimental effects on fish populations or their habitats. Nevertheless, continuing with its long history of precautionary, ecosystem-based management policy, the Council adopted several new and significant measures to conserve EFH. Specifically, to protect deep-water corals, the Council took action to prohibit all bottom trawling in the Aleutian Islands, except in small discrete "open" areas. Over 95% of the Aleutian Islands management area will be closed to bottom trawling (277,100 nm²) and about 4% (12,423 nm²) will remain open. Additional bottom trawl closures were created in the Gulf of Alaska. Further, on the Alaska seamounts, and in areas with especially high density coral and sponge habitat, the Council voted to close these areas to all bottom contact fishing gear (longlines, pots, trawls, etc.). As a result, these areas will essentially be considered "marine reserves". While pelagic fishing would be allowed in these areas, none is anticipated, so resource extraction will be nil in the areas.

The North Pacific Council, through its newly constituted Ecosystem Committee, is actively pursuing additional avenues to further and more explicitly implement an ecosystem approach to management, both at a fisheries-specific level (EAF), and at a broader level addressing non-fishing considerations (EAM). Given the unique environment and management context of the Aleutian Islands ecosystem, the Council is planning to use this area as a test case for development of a separate Fishery Ecosystem Plan (FEP), and for development of an Ecosystem-Approach to Management (EAM) using a regional ecosystem council model (or other coordinating body) to discuss and exchange information on fishery and non-fishery activities. The

Aleutian Islands FEP is in the developmental stages and we anticipate a draft later this year. Details of the FEP, including possible designation of an Aleutian Island Plan Team, are still being developed at this time. Council staff is also involved with a NOAA internal working group to draft national guidelines for implementing the ecosystem approach to fisheries. The Councils support the development of such guidelines, as a guiding strategic document for the FMPs, rather than explicit statutory requirements at this time. The Council is also in discussions with other State and Federal agencies regarding the larger ecosystem coordination issues, and is planning to hold a workshop with the State of Alaska and NOAA Fisheries later this year to determine how best to coordinate the broader ecosystem approach.

How is Science Integrated?

The Council has an active Scientific and Statistical Committee (SSC) that reviews all analytical documents prepared for each management change. The SSC consists of biologists, economists, and social scientists from academia and federal and state agencies. The SSC meets five times per year, concurrent with and at the same location as the Council meetings. In addition to providing comments to analysts, the SSC makes recommendations to the Council on the adequacy of analytical documents relative to the best available scientific information, including biological, economic, and social impact analyses. The SSC also reviews development of models and other analytical approaches for understanding impacts of fishery measures. Further, the SSC provides recommendations on priority areas for research.

The scientific review process used by the Council is multi-tiered and robust. For example, stock assessments and acceptable biological catch limits undergo a thorough internal review by the Alaska Fisheries Science Center. Each year, a couple of these assessment models are further reviewed by the Center for Independent Experts. Once completed by NOAA Fisheries scientists, the assessments are scientifically reviewed by the Plan Teams, consisting of federal, state, and university scientists. The SSC has final scientific review authority for the assessments. The Council then approves the Stock Assessment and Fishery Evaluation Report for public distribution, and adopts the SSC's recommendations for Acceptable Biological Catch limits (ABCs). Total Allowable Catch levels (TACs) are then established by the Council with the SSC recommended ABCs as an upper bound. Because this process has worked so successfully, we have not made any additional changes to the existing scientific review process.

The Council also coordinates with the recently formed North Pacific Research Board (NPRB) and other governmental and academic research organizations to identify priority areas for funding of proposed research activities. Through direct membership and participation on the NPRB, and through annual reviews of funded research, the Council maintains a close working relationship with the scientific research community and is regularly apprised of pertinent scientific information.

Regional Issues and Challenges

The Council's basic precautionary approach to management cuts across all FMPs and geographic regions under our jurisdiction. The comprehensive goals and objectives (recently revised in the PSEIS process) pertain to both the Bering Sea/Aleutian Islands and the Gulf of Alaska FMPs. While these basic tenants apply to all areas we manage, there are some regional differences and specific regional challenges that are currently being addressed by the Council.

The Bering Sea fisheries can be characterized as more industrial in nature than fisheries in the Gulf of Alaska, and are dominated in volume and value by the enormous pollock resource. While the pollock fishery is operating under a fully rationalized system established by the American Fisheries Act and the Council, other groundfish fisheries are in need of further rationalization programs, beyond the basic limited entry programs currently in place. Cod fisheries are a significant resource for a number of user groups and the Council is in the process of re-evaluating the current allocations among gear types, and considering even more discrete allocations to more narrowly defined user (gear) groups. The Council is addressing by-catch and discard issues by imposing minimum groundfish retention standards, and in conjunction with that initiative is developing a program of fishery cooperatives for the non-AFA catcher processors (the head and gut or H&G fleet) which we expect to approve later this year. The Council will also be considering further measures with regard to essential fish habitat and habitat areas of particular concern in the Bering Sea, in addition to the measures recently approved for the Gulf of Alaska and Aleutian Islands areas.

ulf of Alaska groundfish fisheries are characterized by more numerous, smaller vessels, lower overall resource abundance, direct ties to a greater number of coastal communities, and a greater number of user groups/constituencies (gear groups,

coastal communities, sport fisheries, etc). Fisheries in the Southeast area of Alaska are primarily fixed gear (longlining for halibut and sablefish, or salmon troll fisheries), and state water salmon fisheries. This area, along with areas in the Central Gulf of Alaska, also has an important recreational fishery component, primarily for salmon and halibut. Management of the guided sport fishery for halibut (charter boat fishery) is under Council jurisdiction and we have approved both a guideline harvest level (GHL) program for that fishery, and a charter boat IFQ program which, if approved by the Secretary, would incorporate this fishery into the existing IFQ program for halibut. Halibut is also critical to subsistence users and the Council and NOAA have approved and implemented regulations recognizing and protecting subsistence use of the halibut resource.

The most significant program currently under development by the Council, and one of the most challenging, is focused on a comprehensive rationalization of the Gulf of Alaska groundfish fisheries, which would apply primarily to Central and Western Gulf fisheries. Recognizing the operational and economic benefits of Bering Sea rationalization programs, and coupled with the logistical challenges posed by the numerous Steller sea lion restrictive measures in the Gulf of Alaska, the Council is attempting to develop some type of quota-based, cooperative style program for Gulf fisheries. Working closely with the State of Alaska and the State Board of Fisheries, this is an ambitious program with numerous competing constituencies and overlapping jurisdictions with regard to state waters inside three miles. Completion of the environmental impact statement (EIS) required for this program will not occur until sometime in 2006, with actual implementation not likely until at least 2008.

Lessons for Reauthorization

The subcommittee has expressed interest in what lessons can be learned from the management approach in the North Pacific, and how those lessons might inform reauthorization of the Magnuson-Stevens Act. In summary, I believe our overall management program illustrates that the current Magnuson-Stevens Act contains the necessary tools for successful, sustainable fisheries management. Strengthening the existing tools, or imposing requirements to use the existing tools, may be necessary in the reauthorization process but it does not appear that significant new requirements are necessary at this time. Below I provide a brief summary related to some of the primary reauthorization issues.

Ecosystem approach to management: Regarding ecosystem approaches to fisheries management, we believe that we have long been using an ecosystem approach to fisheries management, as are many of the other regional Councils, but that a more explicit recognition and application of this approach may be warranted. We believe that development of national guidelines is appropriate, which would then be used as strategic guidance (rather than as regulatory requirements) for implementation of specific regulatory programs through the existing FMPs. We believe that extreme caution should be exercised with regard to specific statutory requirements for fishery ecosystem plans, until we have some experience with voluntary, pilot projects regarding fishery ecosystem plans, and some experience with collaborative efforts on the broader EAM front. The North Pacific has long embraced this approach and is working hard to more explicitly incorporate that approach in our management programs.

Improving science in management: Regarding the integration of science and management, we believe that the North Pacific model clearly illustrates (1) the importance of closely linking science and management; (2) the ability of the existing SSC structure and process to provide the nexus between science and management by the regional Councils; and, (3) the flaw in the argument to somehow separate science and management (allocation) decisions. We believe that the integration of science in management works very well in the North Pacific, and we are very concerned that changes could be imposed on that process, in order to address other regional problems. We also believe that any potential new requirements for "independent peer review" of data and analyses needs to be considered carefully, given the additional cost and time implications and given the ability of the current SSC process (or similar existing processes) to provide quality, objective peer review of the majority of information used by the Council and NOAA Fisheries.

IFQs or other DAP programs: Regarding individual quota programs, or other dedicated access privileges (DAP) such as fishery cooperatives, we believe that multiple programs currently operational in the North Pacific (or pending such as Bering Sea crab) illustrate the benefits of "rationalized" fisheries. We also believe that these programs reflect the differences among fisheries and regions, and underscore the need for maximum flexibility in designing these programs. In the halibut and sablefish IFQ program, in place since 1995, the Council included numerous provisions in

the program design, such as restrictions on transfers across vessel categories and restrictive share caps, in order to maintain the important social and community fabric of those fisheries. The pollock fishery cooperative system, and to some degree the crab IFQ/IPQ program, are designed to reflect the more industrial nature of those fisheries, though in the case of the crab IFQ/IPQ program there are still, for example, regional delivery provisions which were designed to protect existing community involvement in those fisheries. Programs currently under development, such as the Gulf of Alaska rationalization program, will require a different set of provisions to address the specific regional, social, economic, and fishery conditions.

Reconciling statutes: The development of fishery management programs, and the review and approval process, is overly complicated, takes way too long, and often is not user-friendly to the public and to the fishing industry. This is primarily due to the number of often redundant and overlapping statutory requirements, including the National Environmental Policy Act (NEPA), the Regulatory Flexibility Act, the National Marine Sanctuary Act, the Endangered Species Act, the Marine Mammal Protection Act, the Magnuson-Stevens Act, and numerous additional Acts and Executive Orders. In the North Pacific, our close working relationship with NOAA Fisheries Alaska Region and Science Center has been crucial to our ability to successfully implement our core management measures, as well as many innovative, cutting-edge management programs. And that close coordination has allowed us to do so, for the most part, while still addressing the myriad statutes and executive orders that apply to fisheries management actions. However, while the Councils and NOAA Fisheries have made substantial progress over the past few years in terms of "streamlining" this regulatory process, and reducing litigation, we strongly believe that there needs to be some Congressional action to clarify and reconcile the competing statutes. Our ability to design, analyze, and implement complicated DAP programs in particular is hindered by the redundant applications of several statutes.

Particularly, the application of NEPA to fishery plan and regulation development, and to some degree the Regulatory Flexibility Act, are impeding our ability to develop realistic, practical management solutions in a timely manner. For example, specific provisions could be made to the Magnuson-Stevens Act which would capture the underlying intent of basic NEPA provisions, and reinstate the Magnuson-Stevens Act as the primary Act governing fisheries management, with the necessary environmental and conservation protections built directly into the Act. Specific recommendations in this regard have been developed by the eight regional councils and include requirements for considering a range of alternatives, requirements for cumulative impact assessment, and additional requirements for public review and input.

Mr. Chairman, there are a number of other issues we could discuss today, but I believe that I have covered the basic management approach used in the North Pacific, and covered the primary issues we see in the upcoming Magnuson-Stevens Act reauthorization. I thank you again for the opportunity to comment on these issues, and further apprise you of our management approach and specific issues here in the North Pacific. We stand ready to help in any way we can as you are further shaping important changes to the Act, and to respond to those changes when they are finalized.

Mr. GILCHREST. Dr. Woodby.

STATEMENT OF DOUG WOODBY, SCIENTIFIC AND STATISTICAL COMMITTEE, NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

Dr. WOODBY. Yes, thank you for the opportunity to speak here today. My name is Doug Woodby, and I'm the Chief Marine Fisheries Scientist for the State of Alaska Fish and Game, Commercial Fisheries Division. I also have an appointment to the Scientific and Statistical Committee of the North Pacific Fishery Management Council. And it's in relation to my appointment on that committee that I'm speaking here today. I like to focus on three questions that were presented to me in my invitation.

How is science integrated into management? Why is Alaska fisheries management considered better or different than management in other parts of the country? And what lessons can we learn from the North Pacific reauthorization of the MSA?

In regards to integration of science into management, I'm going to focus the peer review process. As you know the MSA requires that each Council establish an SSC. And there purpose is to assist in evaluating in scientific information for management. Now that requirements been interpreted fairly broadly by the North Pacific Fishery Management Council. Such that all information used in their decisionmaking, having either a biological or socioeconomic basis is passed through the SSC. And in that way the SSC acts as a peer review body for the Council. And there are two types of scientific information the regularly come before the SSC. First is the annual stock assessments for each of the managed fisheries species. And the other are environmental assessments, regulatory impact reviews, and other required analysis for regulatory actions.

As regards to stock assessments, the purpose of these is to provide an estimate of the biomass that's available for harvest. And the best science process that invoked here is a three step peer review. And it begins with the stock assessment authors. Who are typically well regarded scientists with the Alaska Fisheries Science Center, or in some cases with other agencies, such as the Alaska Department of Fish and Game. Each year the authors prepare their stock assessment reports, called SAFE Reports. And those are first reviewed internally. That's step one.

The second step is for those stock assessment reports to go before the plan teams. And we have four plan teams in the North Pacific. Two for groundfish, and one for crabs, and one for scallops. The plan teams review those SAFE's in public arena. And after modifications are made to those SAFE Reports, they're passed on to the SSC, for another final public review.

There are 15 members on the SSC and they represent diverse backgrounds, including the agencies and academia. And those members when they review these stock assessments they pay close attention to the quality of the data, the analytical methods, and the conclusions that are drawn as to what an allowable harvest would be. The SSC will either agree with those recommendations or make changes as appropriate. And forward those recommended acceptable biological catch levels to the Council for there action. The SSC will also make specific comments directed at the SAFE Reports that the authors can use in improving them the next year.

Now why does this process work? Well I believe it works because it's in a public forum, and it's significant feedback for the scientists who prepared those reports. For all the authors the SAFE Reports represent their latest and best work. And there is significant professional pride in incorporating the best methods and using the best data. And have their SAFE Reports received without undo criticism by the SSC.

In regards to why Alaska's fisheries management is better or different than in other regions of the country. I'm going to point out what I feel are three notable features that other witness here have spoken to. The first is the overall catch limit for groundfish. The second is the observer program. And the third is how the SSC integrates best science.

In terms of the overall catch limits for groundfish, we have a maximum of two million metric tons in the Bering Sea and the Aleutian Islands area. And in the Gulf of Alaska we have an 800

thousand metric ton cap. And these are established as a precautionary measure. That incorporate ecosystem considerations and environmental variability. The observer program has already been spoken to. It's extensive and it's very important for providing data for management decisions. And most importantly it gives us a total catch. Not just a target catch but the non-target catch. And that, as mentioned is industry sponsored. In terms of SSC and best science I'm just going to point our four features that makes it work for us in the SSC. The Council relies on the SSC to act as their peer review body. Empowering us to do so. The members of the SSC cover a broad suite of expertise, including economics, ecology, socioeconomic, and anthropology, as well as the more usual expertise of fishery biology and population dynamics. We meet at the same time as the Council. So that public that's involved in the Council meeting can also be involved in our meeting. And there's very quick turn around for our recommendations to the Council. Allowing feedback between the two.

And, finally, the Council has never exceeded an acceptable biological catch limit that's been recommended by the SSC. And in fact the total allowable catch is restricted to be less than our acceptable biological catch in our groundfish FMP's. Finally, just one lesson in regards to the reauthorization of MSA. I believe the SSC provides the necessary independent scientific review for most of the work that comes before us. In some cases, very highly controversial subjects, external review is needed. And that's what the Council does. The SSC members serve in there position because of the empowerment that they're given by the Council. They know that there recommendations are take seriously. And they feel like they're having a positive effect on conservation fishery resources in the North Pacific. So, members value their positions and they work very hard to make the process work. The SSC has noted in it's minutes that if there were to be another process that diminished the peer review of the SSC that the impact of that peer review—that some of the prominent scientists would probably choose not to serve on the SSC. And that might be true in other Council's as well. Thank you, and that completes my testimony.

Mr. GILCHREST. Thank you, Dr. Woodby.

[The prepared statement of Dr. Woodby follows:]

**Statement of Dr. Douglas Woodby, Ph.D.,
Alaska Department of Fish and Game**

Thank you for the opportunity to speak before you today.

My name is Doug Woodby and I am employed as a Fisheries Scientist by the Alaska Department of Fish and Game in Juneau. My responsibilities include oversight of the research activities for marine commercial fisheries managed by the State of Alaska. Those fisheries include crab, shrimp, groundfish, and herring. I am also a member of the Scientific and Statistical Committee (the SSC) of the North Pacific Fishery Management Council (NPFMC), and it is in relation to my appointment to the SSC that I am testifying here today.

I will focus on three of the questions posed in my letter of invitation to this hearing:

- 1) How is science integrated into management?
- 2) Why is Alaska fisheries management considered better/different than management in other parts of the country?
- 3) What lessons can we learn from the North Pacific for the reauthorization of the Magnuson-Stevens Act?

Integration of Science into Management

National Standard 2 of the Magnuson-Stevens Fishery Conservation and Management Act (MSA) requires that the best available scientific information be used in conservation and management decisions made by the councils. The MSA also requires that each council establish an SSC to assist in evaluating scientific information for management. This requirement has been interpreted broadly by the NPFMC, such that all information used in their decision making, having either a biological or socioeconomic basis, is passed through the SSC. In this way the SSC acts as a peer-review body for the NPFMC.

There are two types of scientific information that regularly come before the SSC: 1) annual stock assessments for each of the managed species, and 2) Environmental Assessments or other analyses required for regulatory actions or changes, including allocation changes.

Stock Assessments

The purpose of the stock assessments is to provide an estimate of the biomass for each managed species and to recommend an acceptable biological catch limit. The "best science" process is a three step peer review beginning with the stock assessment authors, who are typically well regarded scientists with the Alaska Fishery Science Center, and in a few cases with the Alaska Department of Fish and Game. Every year, these authors prepare Stock Assessment and Fishery Evaluation reports (SAFE reports) that are often based on rigorous and complex mathematical methods for estimating population sizes.

SAFE reports are first reviewed internally by the management agency (the Alaska Fishery Science Center for groundfish SAFEs) and then forwarded to the plan teams. The NPFMC has four plan teams comprised of federal, state, and academic fishery scientists and economists: two for groundfish (Gulf of Alaska and Bering Sea/Aleutian Islands) and one each for crabs and scallops. The plan team review of SAFE documents is public, and after review, the revised SAFE reports are presented to the SSC for a final public review. The chair of the SSC apportions the review assignments among the 15 SSC members so that each member can focus their review on one or several species, usually in their area of expertise. The SSC pays close attention to the quality of the data, the analytical methods used to estimate biomass and Acceptable Biological Catch (ABC) limits, and the validity of the conclusions. The SSC will either agree with the assessments, or will recommend changes where appropriate, and forward the recommended ABC limits on to the Council. The SSC also makes specific comments directed at improving the SAFE reports, and this provides important feedback to the stock assessment authors who address each comment in the following year's SAFE report.

Why does this process provide the best science for management? The review of scientific work by the plan teams and the SSC in a public forum is a significant feedback to the scientists and agencies that prepared the assessments. For most of these authors, the SAFE reports represent their latest and best work. There is significant professional pride in incorporating the best methods and using the best data appropriately, and having the SAFE received without undue criticism by the SSC.

Environmental Assessments and Other Analyses

The SSC also reviews analyses (including EAs, RIRs, and IRFAs), of the effects of proposed regulatory actions. These reviews encompass the integrity of economic and social considerations, as well as biological factors that are taken into account in assessing potential impacts. These analyses often appear several times in front of the SSC, usually over the course of several Council meetings. The SSC provides comments for improvements, and in the end makes recommendation as to whether an analysis has met the "best scientific information" standard and is ready for release to the public for review.

In a few cases, independent reviews by scientists outside of the SSC are sought for complex and controversial scientific issues, such as the relationship between fisheries and populations of endangered Steller Sea Lions, and the effects of fishing on essential fish habitat, conducted by the National Research Council and the Council of Independent Experts, respectively. These reviews have been expensive and time-consuming, but were valuable in providing perspectives and conclusions that would have been an inordinately consuming task for the SSC.

Alaska's Fisheries Management: Better or Different?

The NPFMC has a laudable record in providing sustainable fisheries that have generated significant economic activity. Three of the notable features of manage-

ment in the North Pacific are the overall catch limits for groundfish, the observer program, and the how the SSC is used to integrate best science into management.

Overall Catch Limits

Groundfish catches in the Bering Sea and Aleutian Islands are capped at a maximum of 2 million metric tons (mt) each year, even though the sum of the annual ABC levels may be much larger. The same is true for the Gulf of Alaska, where the cap is 800,000 mt. These caps were established as a precautionary measure and include bycatch. In effect, the caps are simple management measures that recognize the importance of allowing surplus production to remain in the ecosystem for non-human uses, such as predation and decomposition.

Observer Program

To ensure that catches, including bycatch, stay within Total Allowable Catch (TAC) limits, an extensive onboard observer program was put in place in 1990. The result was an industry-funded program where virtually all large vessels over 125 feet carry observers all the time when fishing, and vessels between 60 and 125 feet carry observers 30% of the time. Each year, there are upwards of 36 to 37 thousand observer days at sea monitoring weights and sampling catches. Observer data is important for management decisions to close fisheries as they approach catch limits, and is a rich source of information on catch location and bycatch of non-target species.

SSC and Best Science

There are various degrees of differences among the eight regional councils in how they conduct their scientific review processes¹. Several of the positive aspects of the SSC structure and process in the North Pacific are shared by other regional councils, so it would be unfair to say that the North Pacific process for integrating science is necessarily better. However; it is possible to list some of the positive aspects, some shared with other councils, and perhaps these might serve as a model for all councils:

- 1) The NPFMC relies on the SSC to act as the peer review body for all stock assessments and required analyses based on scientific and economic information.
- 2) Members of the SSC in the North Pacific cover a broad suite of expertise, including economics, ecology, socioeconomics and anthropology, as well as the more usual expertise in fishery biology and population dynamics.
- 3) The SSC meets at the same time as the NPFMC at the same location. This provides the public with the opportunity to participate in both meetings, and to allow quick turnaround for recommendations by the SSC to the Council.
- 4) The NPFMC has never exceeded an ABC recommended by the SSC. In fact, TAC is restricted to being less than the ABC for groundfish as specified by amendments to the council's two groundfish fishery management plans.

Reauthorization of the MSA: Lessons from the North Pacific

I will highlight just one lesson, and that is that the SSC provides the necessary independent scientific peer review of stock assessments and analyses for the NPFMC, as supplemented by occasional reviews by other entities. Hence, there is no clear need for developing an alternative peer review process, although some improvements might be made.

The NPFMC's deference to the recommendations of the SSC has engendered a respect for the SSC process, empowering the SSC to base recommendations on best available science, uninfluenced by allocation issues. SSC members know that their recommendations have a strongly positive impact on the conservation of fishery resources in the North Pacific, and for this reason, members value their appointment to the committee and expend considerable intellectual energy to achieve a successful process. If an alternate peer review process was established that diminished the role of the SSC, prominent scientists might choose not to continue their public service on the SSC.

Mr. GILCHREST. Mr. Young.

Mr. YOUNG. I'm somewhat pleased, I think you all did a great job. You all kept it within six minutes. I want to thank you for that. That's hard to do and it may be a short period of time. What

¹ Witherell, D. 2005. Use of scientific review by the regional fishery management councils: the existing process and recommendations for improvement. A draft paper presented at the "Managing Our Nation's Fisheries II" conference, Washington, D.C., March 2005.

I'm hearing here is most people are pretty satisfied with the Act as it's written. Is that correct? Mr. Bedford you did offer some suggestions. And I would suggest that you have those in writing and they're submitted to the Chairman.

One thing, and this is outside, no one mentioned it. Maybe Ms. Salvesson can address this. There's a great conflict going in Alaska over farmed fish at sea. Would you like to comment on it? Because I am maddeningly opposed to it. The affect upon on fish or anadromous fish. And the job that you've done in managing our other fish, other than anadromous fish is outstanding. And I'm concerned that if you were to implement what's being proposed by the Administration that it would interfere with not only with the natural management of our bottom fish. And the affect upon the market, and effect upon the economics of Magnuson Act would be devastating. So if you'd like to address that I'd be fine.

Ms. SALVESEON. Congressman Young, in general, the Administration, NOAA Fisheries is supportive of the President's Bill, the Aquaculture Bill. However, we are also more than cognizant of the concerns that have been addressed by the State of Alaska, economic concerns, potential effects on fisheries, and we believe that if the Bill is passed that it would require rulemaking to actually implement. And it is through that rulemaking process, and outreach initiatives by NOAA Fisheries with the state and impacted stakeholders that we would hope to accommodate those concerns that have been expressed. And that would—that accommodation would occur through rulemaking. And there's not a one size fits all, with respect to how that Bill may be applied throughout the nation. And we would anticipate working with the state and impacted industry to resolve those issues to the extent we can through the rulemaking process.

Mr. YOUNG. Well I appreciate that. I have made this statement before, I'm a little concerned about rulemaking. I'd rather make it legislative law. Because I've seen how rules have been changed after the law's been passed. A classic example is my TSA law, which we passed. Which is a pretty good Bill if you read it. But how it was implemented through regulation and rules is a disaster. And so we will be looking at it very closely and making sure that we write something that the consideration of the state will be deeply considered in legislation. Not necessarily rulemaking. Admiral, Deepwater you can be rest assured that we're going to get that we're going to get that money restored. We cannot not continue doing what we've charged you to do with a system that's wore out. And as you know—as you're well aware of that some of the in's and out's of why the money was cut back in the Appropriation Bill. Supposedly because there wasn't a report filed on how the money is being spent on Deepwater. But, for those in the audience that don't understand it Deepwater is a larger amount of fleet, new fleet that will actually do what you're charged with. And I can assure you too, and I'm going to ask you one question. Have you seen any interest from higher up in Homeland Security of diluting the mission that you're charged with in Alaska?

Admiral OLSON. No, sir, we have not.

Mr. YOUNG. OK. If that was to occur the first thing you do is you pick up the telephone.

Admiral OLSON. Absolutely.

Mr. YOUNG. Because I have told the President of the United States, when they formed the Homeland Security Agency that the Coast Guard is to be left alone. As far as their mission that we've charged you with. Which is frankly navigation aids, search and rescue, fish interdiction, traffic interdiction, and the rest of it. As you know the mission in Alaska's probably the largest in the United States. And I don't want to see it diluted, or turned just for security purposes. Because there are other missions equally important. Have you seen any increase or is it been a decrease of foreign intrusion into our economic zone in the last year and a half or year?

Admiral OLSON. Congressman Young, Mr. Chairman we have seen a steady decline over the last several years in foreign incursion.

Mr. YOUNG. Are you working with Russia on this?

Admiral OLSON. Yes, sir.

Mr. YOUNG. Or how is this working?

Admiral OLSON. We work very closely with both the Russians, and our Canadian partners. We have—I have personally have met in the last year twice with Canadian counterparts and twice with our Russian counterparts. General Puthoff on the Russian side, Russian Boarder Guard. They provide us information, we exchange information, we get their Vessel Management System, their VMS data. We get information directly from them via e-mails and daily telephone calls. We work with them all the time, sir.

Mr. YOUNG. Without causing any problems, do we have any one country that is a bigger offender in the economic zone, fisheries wise?

Admiral OLSON. Not that I'm aware, sir.

Mr. YOUNG. Would it be—seem like—it used to be China. They've sort of backed off on—Korea's backed off on it.

Admiral OLSON. Yes, sir.

Mr. YOUNG. OK, good. Go ahead, you got any questions? I've run out of time right now.

Mr. GILCHREST. Thank you, Mr. Young. Mr. Bedford mentioned earlier the Magnuson process to determine a scientifically-based, economically sound Fishery Management Plan. And then you also mentioned the NEPA process and a number of other Federal regulations that enter into the picture to come up with a Fisheries Management Plan. I would really like anyone on the panel to comment on the NEPA process, the Administrative Procedures Act, the Magnuson-Stevens Act. And can Magnuson with it's national standards and it's process replace the NEPA process? Or how can that be integrated together. Do this would stir the pot, boil some water I'm sure with volatile debate. NMFS recently said that they could front load the process of bringing everybody together. Sounds like that's what you already do here at the North Pacific. But if you could make a comment, as we go through the reauthorization how should we deal with the NEPA process? And is there something that we can do to adjust it so a Fisheries Management Plan is done in a more timely fashion? Who wants to start with that?

Mr. BEDFORD. From my perspective the National Environmental Policy Act was designed to insure—to provide first off for public involvement in important decisions that were reached by Federal

agencies. But also to insure that all of the potential impacts of those decisions were carefully evaluated prior to the time the decisions were reached. It is therefore largely a procedural mechanism, rather than being a substantive undertaking.

The Council already engages in a very deep study of every decision that they're going to arrive AT. And a very open public process. And you've heard testimony here that not only do you have the opportunity to testify to the Council to suggest to ways to take actions—modify actions that are under consideration. But also to participate in the scientific and statistical teams review of things, as well. So there's plenty of opportunity for the public to be engaged. In looking at this most of what NEPA really drives at is included in the current process. But in the reauthorization of the Act there might be specific things that you could employ as a checklist to make sure that the process used by the Council covered all of the bases that you need it to. And satisfy the policies underlying NEPA. And what we would suggest there is that the development of the Fisheries Management Plan should include description and assessment alternatives, parallel to what NEPA does. An evaluation of the relationship between local short term uses of fishery resources, and the maintenance that it has for long term productivity. An assessment of significant impacts on non-target species. An assessment of significant adverse effects on the marine ecosystem which is—

Mr. GILCHREST. Is that in your testimony, Mr. Bedford what you're giving me right now?

Mr. BEDFORD. It's in the written testimony, if you want to review it there.

Mr. GILCHREST. Sure.

Mr. BEDFORD. That would be fine. But in any event, so we go through a number of things that—in actual point of fact, these are for the most part already included in the Fisheries Management Plan process.

Mr. GILCHREST. Thank you.

Ms. MADSEN. May I just add, as Mr. Bedford's pointed out NEPA is a process. And we believe, especially the Regional Fisheries Management Chairs have recommended in their comments some specific language that we believe may address some of the concerns. Cumulative impacts, a requirement for a cumulative impact assessment in our FMP's. Additionally, a range of reasonable alternatives. Right now, you know we could be sued because our breath of alternatives isn't sufficient. But actuality you just may be coming up with alternatives to try to fit that bookend. So we believe that requiring a range of reasonable alternatives would not be inappropriate. And the Council chairs have actually submitted a language that we believe may be incorporated in Magnuson-Stevens to accommodate the process of NEPA.

Mr. GILCHREST. Thank you. Ms. Salvesson.

Ms. SALVESON. Thank you, Mr. Chairman. I think Mr. Bedford and Ms. Stephanie articulated well that NEPA issues. I'd also like to highlight that the Administration is considering other proposals to Magnuson Act that would ameliorate some of the concerns regarding the Administrative Procedures Act. How do we make efficiencies in providing for public review and comment, and input, yet

still allow for effective rulemaking when we need to. And so we're looking at a possible framework type options and some efficiencies of how to enact emergency rulemaking when the issue arise to do so. So I think both on NEPA issues, APA, and even the Endangered Species Act, I think in this Council, the North Pacific Council, NMFS interface we have strived to integrate early on in the process endangered species issues. Somewhat a pre-consultation type process. So, decisionmaking at the Council level is fully informed and does not occur subsequent to a Council action.

Mr. GILCREST. Thank you very much.

Mr. YOUNG. And there's one thing that bother me. How many times on the Council, and when you recommend—how many suits have been filed against you?

Ms. MADSEN. Well, I know we had an EFA lawsuit, which was a national lawsuit that involved several of the Councils. We were taken to court on our mitigation measures on the biological opinion on stellar sea lions. And part of that resulted in our programmatic—the need for a programmatic—our PSEIS, which was a 7000 page poster child for NEPA quite frankly, Mr. Chairman. So I believe those are the three—those were the big ones. Right now we are litigation free at the moment. We've resolved all of our outstanding issues and hope we won't have any in the....

Mr. YOUNG. What I'm trying to get to, is there any language that could be written into the Act that would include the—I call them suits that impede the Council's efforts to try to manage the fisheries? If you follow what I'm saying.

Ms. MADSEN. Yes.

Mr. YOUNG. There are certain groups who don't want to have fisheries, let's fact it. I mean I've said this publicly. We have a group now back east that says you can't catch fish with a hook. Because it hurts the fish, you can't hear them cry. So we must use a more humane way to catch fish. I'm trying to figure that out. Dynamite's pretty good by the way. So, I'm just saying that are those groups, but the Council to manage with the state—and by the way I think that they're working very close together. And with the Federal agencies. The Council managed—if they're doing the right thing, I think there should be a lawsuit that can stop the management. So have you got any ideas I'd like to look at?

Ms. MADSEN. Well, Congressman Young, Mr. Chairman, I think in the North Pacific we have been sued primarily on process. And they have been able to use the National Environmental Policy Act to get us hooked on process. It hasn't been the substance of our decisions that have caused the litigation in the North Pacific. So I think that if we can reconcile that kind of opportunity for litigation by making clear that if we follow the Magnuson-Stevens process, that that is sufficient for at least NEPA. And somewhat APA, although that has less than the string that they have been able to pull, that unravels a lot of our actions.

So, we believe that if we can hopefully fix the NEPA issue and incorporate that, not to circumvent the process. We understand that there's a process and we quite frankly have benefited from going through some of the process. But, it's a burden and we can react in a timely fashion—

Mr. YOUNG. But, and again if you've got ideas for language gladly submit it to the committee. Because I think that's one of the reasons that I wanted you to be successful. Last, Dr. Woodby and Ms. Salvesson both referred to science. In which I'm very supportive of. The one thing that bothers me is the term best of science available. If there's no science that's been upgraded, you have to use the old science. I'd prefer, and I will try to put into the Bill, it's going to be termed best science. If you follow what I'm saying, because there are certain individuals that say the science is not available. This is what we've done 25 years ago and that what you use to make the rules by. They may be outdated because the science is not up—you have not kept it up. So, I'd like to use the term best science. Because then it has to be the best science. Not what's available because if you haven't done anything, and you make rules on the science that 25 years old or 20 years old that's not fair to the management process, you know. I have no other questions.

Mr. GILCHREST. Thank you, Don. I had a question on that as well. Each of you, I think has mentioned the term cautionary approach. And it sounds from all of you that using that concept, precautionary approach is an acceptable process when there is uncertainty. So that there is a sustainable fishery. And I don't here that in a lot of other places around the country. When you have that as a fundamental premise of your fisheries, the concept of a precautionary approach. When you come up with—when the scientists come up with an acceptable biological catch. That's given to the Council's to come up with total allowable catch? How difficult is that? How difficult is it to get good science to come up with an acceptable biological catch. And then how difficult is that for the scientists, and how difficult is it for the Council to then come up with a total allowable catch using the precautionary approach and never exceeding ABC? That just seems pretty stunning for you guys to be able to do that.

Ms. MADSEN. Mr. Chairman, I guess we have luxury in the North Pacific to have very good science. Our, the Alaska Science Center is well respected. We've had a great relationship with them. I think the open and transparent process that the science center—people trust the science. And they're willing to live by it. My experience, the little that I have around the other parts of the country, I'm not sure that they have the confidence in their science that we do here. But we have a strong science center, we have a strong SSC—

Mr. GILCHREST. Is there some way—Woods Hole in New England?

Ms. MADSEN. Uh-huh (Affirmative).

Mr. GILCHREST. One of the premiere oceanographic institutions in the world, you still have really major problems with New England. And the science. And I think part of your answer was that the science, SSC meets with the Council's. So, is it the structure that you have here that maybe some other Council's don't have? The interface, the exchange of information from on person to another that has evolved into this accepting science. Science with credibility, the scientists respecting the people on the Council's?

Ms. MADSEN. Mr. Chairman, I think one of the unique facets of the North Pacific is that we do have in the Bering Sea and Gulf

of Alaska, but I'll focus on the Bering Sea. We have an absolute limit, a cap for harvest at 2 million metric tons. That now is in statute. I think under the 2004 Appropriations Act, Consolidated Appropriations Act. So, the science will come forward and lay out the best available—the best science on status of stocks. The abundance, biomass, an acceptable biological catch. Generally that amount will be far in excess of 2 million metric tons. Right now the ABC is about 3 million metric tons in the Bering Sea. But we are capped, in terms of an allowable harvest at 2 million metric tons. So, the science—

Mr. GILCHREST. That's OK with the Council.

Ms. MADSEN. We did it. It was one of the first actions that my predecessors put in place.

Mr. GILCHREST. Wow.

Ms. MADSEN. So, Mr. Chairman I think a lot of the challenge from the Council is to take the best science on status of stocks. And then within that 2 million metric ton cap, determine how to allocate the allowable harvest among the different user groups and different fisheries. And that is ongoing challenge that the Council will have. Particularly as long as ABC does exceed that cap.

Mr. GILCHREST. Admiral, VMS has been fairly beneficial in a lot of ways, both for conservation, for fisheries enforcement and for safety. Is there any move afoot to have an international agreement for vessels to have VMS onboard? With the Russians or the Canadians or the Chinese? And has that ever been mentioned at an IMO meeting for, you know enforcement purposes or safety purposes.

Admiral OLSON. Mr. Chairman, not that I'm aware of. Not in that context. There are other international security initiatives. But from the VMS side for fisheries enforcement that's individual states that have done that. The best—as much as I'm aware of.

Mr. GILCHREST. Well thank you all very much. We would like to continue our conversation as the months proceed to gain more information so that we reauthorize the Magnuson Act, it is—it creates a framework upon which—and I think you've set the example up here in Alaska. Where initiative, ingenuity, and intellect can all work together to come up with a good plan.

Mr. YOUNG. And I can tell you one thing—all of you watch this very closely. And now with modern computers, you can just about figure out what we're doing all the time. And if you see something that's going to be offensive or something that can be improved upon, you know contact the Chairman. Dave Whaley who is our Chief of Staff on this issue, and we'll try and incorporate it. Knowing full good and well that we're under the spot light up here and we want to use this as an example. We want to make sure that we are allowed to an economic fishery and a sustainable yield. And not only here but across the Nation as a whole. And I do appreciate all of your testimony and comment and input. Thank you very much.

Mr. GILCHREST. Our next panel will be Ms. Cora Crome, Representative, United Fishermen of Alaska. Ms. Kris Norosz, Government Affairs, Icicle Seafoods, Incorporated. Ms. Dale Kelley, Executive Director, Alaska Trollers Association. And Ms. Linda

Behnken, Executive Director, Alaska Longline Fishermen's Association. Ladies, welcome.

Mr. YOUNG. Look at this panel. There's not a man in the whole group.

Mr. GILCHREST. Alaska is ahead of her time. By a long shot. Ladies, thank you very much for coming. We appreciate your effort to prepare for this hearing. And we look forward to your testimony. Ms. Crome, you may begin.

**STATEMENT OF CORA CROME,
UNITED FISHERMEN OF ALASKA**

Ms. CROME. Thank you very much, Mr. Chairman and Congressman Young. I really appreciate the opportunity. My name is Cora Crome. I'm here today on behalf of United Fishermen of Alaska, which is a statewide coalition of commercial fishermen and commercial fishing groups. Who participate in state and federally managed fisheries in Alaska. And we are a large part of the industry that's regulated by the North Pacific Council, so I really appreciate the opportunity to talk to you today about our involvement in that process. I also serve as Executive Director of Petersburg Vessel Owners Association, which is a commercial fishing group based here in southeast.

First, let me say that we believe really strongly that the Council process is a good one. That's it's effective and that it's the best avenue that we have for public participation in the decisionmaking process. So we're strong supporters of the council process and we would like to see most elements of it stay in place when the Magnuson-Stevens Act is reauthorized. And especially the process that is currently laid out in the Act for Appointment, and service on those Council's. In Alaska that has been very effective. We have individuals serving on the Council's who are some of the most dedicated and knowledgeable people that you could ever hope to have. They're agency representatives, state representatives, community processors and fishermen. And it's so important to the process that you have those people who are directly involved in the industry sitting at the table when decisions are made. Because that is where the dedication and knowledge comes from, is from people who are so close to the industry. And so I just wanted to make that point to you because I think it's been a topic of considerable debate over the past couple of years as the council process has been examined by different groups. But from the perspective of the industry that's one of the keys to success here in the North Pacific. That we are actively involved in the process, both through the Council and on their advisory panel.

And, as you've heard a lot about, we really have a strong Scientific and Statistical Committee. The Council always takes their advice, sets good quotas. We have a wonderful observer program. One of the most comprehensive, probably the most comprehensive in the nation. And that makes sure that all the catch is accounted for, and so those quotas are met, but they're not exceeded. And, as a result, we're fortunate we have health stocks and we have an industry that provides 10 of thousands of jobs all over the Pacific Northwest.

And another thing that has been very important for the Council is the ability to implement rationalization programs in some of the fisheries. We have goals of conservation, of safety of lives at sea, of reducing by catch, of quality products, and value for our products, and economic stability that can only be met through rationalization programs. So, we would suggest that as the Magnuson-Stevens Act is reauthorized that specific language be included to allow the Council's the flexibility to develop rationalization programs to meet regional needs, and to meet the needs of the fisheries that they regulate. So that they can achieve the goals that are important. The conservation, the by catch goals. The reduction of by catch is one of the main benefits of rationalization programs, as well as safety. And we have several rationalization programs in the North Pacific that I believe could be good models for other fisheries. And we're in the process of developing additional ones as well. And in addition I would also make the recommendation an attempt be made to reconcile the statutes, the Magnuson-Stevens Act, NEPA, and the Administrative Procedures Act. We've really experienced some frustration. It's very difficult to respond quickly to pressing fishery management needs when you have—you governed by statutes that seem to require such delays, simply by their very nature. That you're almost unable to respond as quickly as you would like to the best science that you have in front of you. And so we've found that to be a frustration with the council process and certainly would appreciate any help that you could give us with reconciling those statutes as this moves forward.

Again, I really appreciate the opportunity to address you today. And I'd be happy to answer any questions. Thanks.

Mr. GILCHREST. Thank you very much, Ms. Crome.
[The prepared statement of Ms. Crome follows:]

Statement of Cora Crome on behalf of United Fishermen of Alaska

Good morning. My name is Cora Crome and I represent United Fishermen of Alaska. UFA is an umbrella organization representing 35 commercial fishing groups and over 10,000 individual fishermen who participate in fisheries throughout Alaska. I am also the executive director of Petersburg Vessel Owners Association and sit on the advisory panel to the North Pacific Council. Thank you for the opportunity to offer comments to the Subcommittee regarding reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act.

First, let me say that the United Fishermen of Alaska believe strongly that the current system for managing fisheries and fisheries resources off Alaska is effective and successful. Coordination and cooperation between federal and state agencies, industry, and scientists have resulted in healthy stocks, safer fisheries, and an industry that provides tens of thousands of jobs in the Pacific Northwest. The U.S. Commission on Ocean Policy identified the North Pacific as a potential model for the rest of the country. As a representative of the industry regulated by the North Pacific Council, I appreciate the opportunity to provide our insight on what has made this process so successful, as well as our recommendations to further improve this outstanding process in the future.

Council Appointments and Public Participation—The United Fishermen of Alaska believe that the current appointment process outlined in the Act should be maintained. The dedicated individuals who serve on the Council are an adequate and appropriate representation of the affected interests. In addition, we believe that all authorities that currently lie with the regional councils should remain with there. Members of the public currently have the ability to attend meetings held throughout the affected area and interact with those making fishery management decisions. We believe that the public meetings held by the Council in Alaska, Washington, and Oregon provide substantial opportunity for public involvement. In addition, the Council seriously considers the advice of its advisory panel, which is made up of industry, community, and environmental representatives. This public partici-

pation would be severely compromised if the current process were changed to transfer decision making to either Washington D.C. or to an additional body such as an ecosystem council.

Scientific Advice and the Precautionary Principle—The Council's reliance on a strong scientific and statistical committee for review of all biological and socioeconomic information is the single most important part of responsible management. Annual catches of our fish stocks are controlled by strict harvest limits. The Council establishes annual harvest limits for each stock that never exceed the biologically safe and precautionary harvest level recommended by the scientists on the Plan Teams or Scientific and Statistical Committee. Our scientists recommend harvest levels using a tiered approach. The less we know about the dynamics and condition of a stock, the more conservative the harvest rate. Fisheries are closely monitored and closed when the harvest limits are reached. The application of conservative catch limits has resulted in sustainable catches and healthy stocks.

Observer Program and Inseason Catch Monitoring—Our comprehensive observer program and inseason monitoring program ensure that the conservative catch limits recommended by scientists and set by the Council are achieved and not exceeded. Observers are required on all vessels longer than 60 feet as well as at most processors. Fishery managers at NMFS use information provided by industry and the observer program to manage quotas. The combination of timely reporting and observer information allows managers to monitor catch levels and restrict fisheries so that catch limits are not exceeded. Although our observer program is widely recognized as one of the best and most comprehensive in the nation, we are currently working to restructure the program to provide for even better information gathering.

Rationalization of Fisheries to Achieve Conservation and Safety—The North Pacific Council has instituted a number of effort limitation and fishery rationalization programs. The Bering Sea pollock fishery, the Halibut and Sablefish IFQ program and the new Bering Sea/Aleutian Islands Crab Rationalization program are examples of fisheries that operate in a fully rationalized manner. The Council is currently working to develop rationalization programs for other fisheries in the Bering Sea and Gulf of Alaska. The United Fishermen of Alaska believe that IFQs, dedicated access privileges, or similar limited entry/rationalization programs must be at the disposal of the Councils in order to achieve conservation and safety goals. Rationalization programs have been shown to improve safety and efficiency and reduce bycatch. When properly designed and implemented, they lead to increased product value and quality. The Magnuson-Stevens Act should provide flexibility to the Councils to tailor rationalization programs to specific fisheries. Councils should have clear authority to design programs that promote safety, conservation, quality, and economic stability.

Reconciling Statutes—The United Fishermen of Alaska believe strongly that the current mix of statutes which govern the fisheries management process needs to be reconciled, and that the Magnuson-Stevens Act needs to be reaffirmed as the guiding Act in this process. Currently, all Council actions must adhere to a number of Acts and Executive Orders including the Magnuson-Stevens Act, the Administrative Procedures Act, the Regulatory Flexibility Act, the Endangered Species Act, and the National Environmental Policy Act (NEPA). The requirements for social and economic analysis, scientific review, and public comment specified in the Magnuson-Stevens Act are substantially the same as under NEPA; however, the timeline and administrative process under the two Acts often conflict, and NEPA has become the defining act for processing and review of management actions. The process requirements under NEPA have led to delays and litigation, regardless of the validity of the underlying science or the conservation benefits of the proposed action. Litigation is seriously impeding the Council's ability to take timely management actions based on the best scientific information. Council staff and NMFS personnel devote thousands of hours to meeting litigation-driven requirements, compromising their ability to focus time and resources on real management and conservation issues.

United Fishermen of Alaska would like to request that Congress assist in resolving the conflicts between these statutes in order to clarify and streamline the regulatory process and reduce the exposure of the Councils and NMFS to litigation. We believe this can be done by clarifying that the Magnuson-Stevens Act is the governing statute for actions taken by the Council and NMFS, given that the process and requirements for fisheries management as outlined under MSA satisfies the intent of NEPA relative to analysis, public participation, and environmental conservation.

Funding—The United Fishermen of Alaska further recommend that Congress consider the ability of both NMFS and the Councils to fulfill their mission at current funding levels, especially when considering any new mandates. While research and

monitoring programs are expensive, they are invaluable to preserving the health or our fisheries resources.

In conclusion, we would like to express our appreciation for this opportunity to comment on the successes of fisheries management in the North Pacific as well as our recommendations for ways the process could be improved. It is our hope that these comments will be helpful to you in your continued work on reauthorization of the Magnuson-Stevens Act.

Mr. GILCHREST. Ms. Norosz.

**STATEMENT OF KRIS NOROSZ,
ICICLE SEAFOODS, INCORPORATED**

Ms. NOROSZ. Thank you, Chairman Gilchrest, Congressman Young. It's a pleasure to be here. I'm Kris Norosz representing Icicle Seafoods. We're a privately held corporation founded in Petersburg, Alaska. We recently celebrated our 40th anniversary and proud to say that we are still owned by employees, fishermen and families of our founders, many of whom still reside in Petersburg. I appreciate the opportunity to testify before you today. And I think it's really important for you to understand that what occurs in the Bering Sea and the Gulf of Alaska have a direct bearing on operations in inside waters of Southeast Alaska and vice versa. We purchase and process a diverse range of species caught throughout the state and Federal waters off the coast of Alaska. From southeast, here in Ketchikan all the way up to Norton Sound in the northwest part of the state. And integrated program is a key feature to our success. Therefore, any decision that adversely affects our business in the Bering Sea has a direct impact on our operations in the gulf and in southeast. These impacts will also affect the communities we operate in, our employees and the fishermen who sell to us.

The Bering Sea, Aleutian Island crab rationalization has recently been adopted and is soon to be implemented. Had this program not included processors, this would have likely forced us to cease purchasing herring in some remote areas of Alaska and reduce our purchases of salmon. This would not only have affected us, but the communities we operate in, and the fishermen that sell to us. Instead the crab rationalization program recognized the historical participation and investments of harvesters, processors, and communities. And has provided protections for all three sectors. This allows for healthier transition, greatly reduces negative impacts, and still provides all the benefits for rationalized fishery. Clearly decisions in one area have rippling effects in others. And every sector of the industry needs to be heard, considered, and protected when possible. We're of the opinion that the Magnuson-Stevens Act is principally sound and can work well with proper implementation. And I believe the North Pacific Council is a shining example. The Council operates in an open public process with lots of opportunity for public involvement through working committees formed around specific issues, and public testimony before the advisory panel, the SSC, and the Council. The Advisory Panel and the SSC meet during every Council meeting. And start a couple of days prior to the Council in order to have their recommendations ready prior the Council taking up the issue.

I believe the process has greatly aided the Council in it's decisionmaking, and resulted in better workable solutions to difficult

and complex issues. I think the authority needs retained at the Council level for appointment to these committees.

We have a strong atmosphere of cooperation between the agencies and stakeholders. I'm not sure if this is unique to our region or not. Recognizing that good fisheries management need to be science driven, closely monitored, and strictly enforced. We have multiple Federal and state agencies working closely together with the Council to insure that happens. We also have a high degree of cooperation on proactive actions that have been undertaken by industry stakeholders to address problems in the fishery. For instance, the American Fisheries Act, Catcher Vessel Cooperatives in the Bering Sea pollock fishery have created and adopted a voluntary industry funded program to reduce salmon by catch with twice daily reporting to a central data bank. Hot spots are noted, the information is decimated to the fleet, and vessels are required to move away from areas of high by catch.

The Marine Conservation Alliance is a group that formed in the last few years. And they work diligently in the council process to bring diverse and often competing interests together to resolve resource issues in a manner that protects the marine environment and minimizes the impacts on fishing communities. Their efforts include marine debris cleanup and support of applied cooperative research products. Industry members over the past five years have contributed over five million dollars to dozens of marine research projects at universities and colleges in Alaska.

Clearly, there are lessons to be learned in the North Pacific. To employ a through science-based process to insure that annual catch limits are set at conservative and sustainable levels for every target fishery. To adopt in a precautionary approach to deal with an uncertainty. Listen to the scientists, set the tax at or below ABC, monitor all catch and by catch whether it's retained or discarded. Utilize and observer program for catch and by catch accountability, close fisheries when caps or quotas are reached. Utilize the Advisory Panels and SSC's at every Council meeting. Insure the deliberate on the issues and advise the Council prior to action being taken. Promote stakeholder and public involvement, and foster good working relationships between scientists, agency staffs, industry stakeholders, coastal communities, the public, and the Councils.

In conclusion, I think successful fishery management in the North Pacific is proof that the Magnuson-Stevens Act, when properly applied serves as an excellent model for regional decision-making that provides for the wise use and sustainability of the fishery resources. It accommodates both national and regional interests and provides creditable guidance for responsible decision-making. The Act clearly a successful partnership that provides the necessary framework for successful fisheries management and conscientious stewardship of the resource. Thank you.

Mr. GILCREST. Thank you very much, Ms. Norosz.

[The prepared statement of Ms. Norosz follows:]

Statement of Kristine M. Norosz on Behalf of Icicle Seafoods, Inc.

Congressman Gilchrest, Young, and members of the Subcommittee,
Thank you for the opportunity to testify today. I am Kristine Norosz, Government Affairs director for Icicle Seafoods, Inc. Icicle Seafoods is a privately held Alaska corporation founded in 1965 in Petersburg, Alaska. We recently celebrated our 40th

anniversary and are proud to say that we are still owned by employees, fishermen and the families of our founders, many of whom still reside in Petersburg. Since starting with a single salmon cannery in Petersburg, we have considerably expanded our operations to include multiple locations in Alaska where we purchase and process salmon, crab, cod, halibut, herring, sablefish and pollock. We purchase fish from southeast Alaska up to Norton Sound in northwest Alaska. Our processing operations are located in Petersburg, Seward, Homer, Egegik, Dillingham, Dutch Harbor, Unalaska Island, and St. Paul. We operate four floating processing vessels that operate in remote areas in Alaska. Though we own a small number of catcher vessels, over 85% of our business is a result of purchases from independent fishermen in Alaska.

With operations throughout the vast coastal regions of Alaska and purchases of both federally and state managed fisheries, we are very interested in the management and long term sustainability of the fisheries and the policies with which they are governed. As one of our founders, Gordon Jensen, said..."Icicle has a long history of working toward the sustainability of Alaska's exceptional resources. We see it as a shared responsibility, and one that we take very seriously."

To put things into perspective, it is helpful to realize that approximately half of the Nation's annual landings of fish come from waters off Alaska. With a value of over \$1 billion per year, Alaska's fisheries provide the economic engine for many coastal communities. The seafood industry is the number one private employer in the State of Alaska and plays a vital role in the State's economy. Good stewardship of the fishery resources is of great importance to us and future generations.

I appreciate your desire to hear from Alaska stakeholders and realize that one of the reasons I was asked to testify today was to bring a Southeast perspective to these discussions. It is important to understand that what occurs in the Bering Sea or the Gulf of Alaska has a direct bearing on our operations in the inside waters of Southeast Alaska and vice versa. Therefore, it is difficult to bring solely a Southeast perspective to these discussions. We purchase and process a diverse range of species caught throughout the state and federal waters off the coast of Alaska. An integrated program is a key feature to our success. Therefore, any decision that adversely affects our business in the Bering Sea has a direct impact on our operations in the Gulf and in Southeast. These impacts will also affect the communities we operate in, our employees and the fishermen who sell to us.

When the halibut and sablefish fisheries were rationalized through an IFQ program, the history and investment made by processors was not recognized with the inclusion of any protections. The impact was felt throughout our operations. Rationalizing only one sector devalues the sector that isn't rationalized. It is disruptive to the business. Had the Bering Sea/Aleutian Island Crab Rationalization program not included processors, this would have likely forced us to cease purchasing herring in some remote areas of Alaska and reduce our purchases of salmon. This would not only have affected us but also the communities we operate in (through a decline in employment, taxes, and local purchases) and the fishermen who sell to us. Instead, the crab rationalization program recognizes the historical participation and investments of harvesters, processors and communities and provides protections for all three sectors of the industry. This allows for a healthier transition, greatly reduces negative impacts, and still provides all the benefits of a rationalized fishery. Clearly, decisions in one area have rippling effects in others and every sector of the industry needs to be heard, considered, and protected when possible.

We are of the opinion the Magnuson-Steven Fishery Conservation and Management Act is principally sound and can work well with proper implementation. I believe the North Pacific Council is a shining example of the successes that can be achieved under the existing Act.

The North Pacific Council operates in an open public process with lots of opportunity for public involvement through working committees formed around specific issues, and public testimony before the Advisory Panel (AP), the Scientific and Statistical Committee (SSC) and the Council. The Council's deliberations are conducted in public and everyone has ample opportunity to approach the members individually outside the meeting, or address them as a body during their meetings, to air their opinions prior to decisions being made.

The Advisory Panel and the SSC meet during every Council meeting and start a couple of days ahead of the Council in order to have their recommendations ready prior to the Council taking up a specific issue. The Advisory Panel and the SSC members are selected by the Council and are a diverse group of people with knowledge and expertise that aids the discussion and analytical process. The AP and SSC chairs present the written reports from the meetings of their respective bodies, present oral comments and answer questions from the Council prior to the Council

hearing public testimony and taking action on the issues. We believe the Council should retain the authority to make appointments to the AP and SSC.

As a former member of the Advisory Panel, a member of various Council committees, and long time participant at Council meetings, I believe this reliable public process, particularly at the SSC and AP, has fostered good relationships between the industry, communities, scientists, and the agency staffs. This in turn has resulted in a better understanding of the issues, good discourse and an opportunity for collaboration between the various groups. Issues are more fully fleshed out and understood by everyone prior to the issue coming before the Council. It often presents an opportunity for folks to come to agreement on a solution or to create some innovative alternatives for the Council to consider. There is no doubt in my mind this has greatly aided the Council in its decision making and resulted in better workable solutions to difficult and complex issues.

The North Pacific Council employs a thorough science-based process to ensure that annual catch limits are set at conservative and sustainable level for every target fishery. NOAA scientists use a variety of sources to aid them in their determination of stock abundance. This includes data collected from regular independent groundfish surveys along with annual fishery catch and bycatch data. This data is coupled with sophisticated stock assessment models to determine species abundance and appropriate conservative harvest rates for every major groundfish species. Once this is completed, the Council's Groundfish Plan Teams review these recommended allowable biological catch levels for each stock. These receive further review by the Council's SSC before the Council sets their annual specifications for the upcoming fishing year. Without fail, Total Allowable Catch (TAC) limits are always set at or below the Allowable Biological Catch (ABC) limits set by the SSC, and well below the designated overfishing level.

As an additional precautionary measure, the combined Bering Sea and Aleutian Islands groundfish quotas are capped at a maximum of 2 million metric tons annually, regardless of the maximum recommended ABC levels. For example, in 2004 the ABCs totaled over 3.5 million metric tons, yet the TACs were reduced to stay within the 2 million metric ton cap. The catch was well under the cap. This cap has been maintained for over two decades as a safety measure to protect against stock assessment uncertainty and potential ecosystem effects. Groundfish harvest rates have been in the 3 to 5 billion pound range for the last three decades and no groundfish stocks are considered overfished.

Catch limits alone have little meaning if the harvest of targeted species and bycatch are not closely monitored and enforced. In the North Pacific, we use a combination of strict reporting requirements, observer coverage, and real time in-season catch monitoring to ensure that annual catch and bycatch limits are not exceeded. The catch of all species is monitored and counted toward the limit. This includes target species and species taken as bycatch, whether retained or discarded. Fishery managers also use this data to monitor seasonal and area apportionments, close areas or fisheries if bycatch limits for prohibited species are reached, and monitor the take of any ESA listed mammals or seabirds.

A critical component of the monitoring system is an industry funded comprehensive observer program that occurs on-board and at processing plants. Observers are required in many onshore processing plants, offshore catcher-processors and catcher vessels. With the exception of vessels less than 60 feet in length, all vessels fishing for groundfish in federal waters are required to carry observers, at their own expense, for at least a portion of their fishing time. Depending on vessel length, it may be 30% to 100% of the time. Besides collecting catch data for in-season quota monitoring, observers also collect data for stock assessment, species composition, length, and age structure.

Cooperative Efforts:

I am not familiar enough with the other regions to know if the cooperative effort between agencies in the North Pacific is unique or not. I can tell you that it appears to be working quite well here. The Council shares management responsibilities for some species with the Alaska Dept. of Fish & Game (salmon, crab, scallops, and herring) and the International Pacific Halibut Commission. Recognizing that good fisheries management needs to be science driven, closely monitored and strictly enforced, we have multiple federal and state agencies working closely together with the Council to ensure that happens. It includes NOAA Fisheries along with their Alaska Fisheries Science Center and North Pacific Groundfish Observer Program, the International Pacific Halibut Commission, the Alaska Dept. of Fish & Game and the Alaska Board of Fisheries, the Pacific States Marine Fisheries Commission, the U.S. Fish & Wildlife Service, and the U.S. Coast Guard. The boards and commissions I have listed include industry and community stakeholders. You can

find representatives of all these groups, along with stakeholders, working together on various Council committees and advisory groups to other international commissions like the North Pacific Anadromous Fish Commission. There is an incredible amount of interaction, information exchange, and collaboration between the agencies, boards, commissions, and stakeholders.

I can't leave the subject of cooperative efforts without mentioning the high degree of proactive work undertaken by industry stakeholders to address problems in the fisheries as they arise. Here are a few examples I would like to share with you:

- The American Fisheries Act catcher vessel cooperatives in the Bering Sea pollock fishery have created and adopted a voluntary industry funded program to reduce salmon bycatch with twice daily reporting to a central data bank. Hot spots are noted, the information is disseminated to the fleet, and vessels are then required to move away from areas of high bycatch.
- The Marine Conservation Alliance (MCA) is a diverse group comprised of fishing associations, communities, Community Development Quota groups, harvesters, processors and support sector businesses operating in the North Pacific. They have worked diligently in the Council process to bring diverse interests together to resolve resource issues in a manner that protects the marine environment and minimizes the impacts on the fishing community. Their efforts include marine debris clean-up and support of applied cooperative research projects.
- The North Pacific Longline Association (NPLA) has been successful in their efforts to research and adopt seabird avoidance measures to protect endangered short-tailed albatrosses. The NPLA prepared draft regulations for consideration by the Council who then voted to implement the regulations by emergency rule.
- Industry members, over the past five years, have contributed over \$5 million to sponsor dozens of marine research projects at the University of Alaska, Alaska Pacific University and Sheldon Jackson College.

Progress Toward Ecosystem-Based Approaches to Fishery Management:

The North Pacific Council has adopted an array of measures for an ecosystem-based management approach. Recognizing the limited amount of relevant scientific information currently available to fully understand all the impacts of harvesting fish on the entire ecosystem, the Council has adopted a precautionary approach in its management decisions as a means to minimize unexpected impacts. This has led the Council to take a conservative approach in setting annual catch limits and the reason it has set a 2 million metric ton cap for total catch in the Bering Sea/Aleutian Island fisheries, regardless of how large the biomass may get. Fisheries are closed when limits are reached, all catch and bycatch (whether retained or discarded) are counted toward the TAC, an industry funded observer program monitors catch and bycatch, and the TAC is always set below ABC. Predator/prey relationships are also considered and a prohibition on directed fishing for important forage fish species is in place.

In addition, for the last decade, the groundfish plan teams have authored an Ecosystem Considerations section to supplement the annual Stock Assessment and Fishery Evaluation (SAFE) report. This important section of the SAFE document includes an annual assessment of the ecosystem, a review of ecosystem oriented management literature, updates on current ecosystem research, new information on the status of marine mammals and seabirds as well as other components of the North Pacific ecosystem.

The Council has adopted strong habitat protection measures that have closed productive fishing grounds on either a permanent or seasonal basis. Fishery closures comprise of time, area and gear type to protect critical life stages of various species, seafloor habitat, minimize bycatch, and minimize interactions with protected species. In excess of 330,000 square nautical miles have been closed to bottom trawling or otherwise restricted to protect habitat.

There is no doubt that there is much to be learned and understood about marine ecosystems and the interrelationships of the many forces at play. However, management authority for an ecosystem-based management approach needs to stay in the hands of the regional management councils. The U.S. EEZ is extremely large with many diverse and unique areas. What works best in one area or fishery may not in another. Managers need to be cognizant of prevailing conditions and new information. Therefore, a regional approach, left in the hands of the regional fishery management councils, offers the best opportunity for timely adaptive management that is well suited for the circumstances at hand.

Lessons to be Learned from the North Pacific:

1. Adopt a precautionary approach to deal with uncertainty.

2. Set TACs at or below ABC.
3. Monitor all catch and bycatch, whether retained or discarded.
4. Utilize the advisory panels and SSCs at every meeting of the Council. Ensure they deliberate on the issues and advise the Council prior to action being taken.
5. Utilize observer programs for catch and bycatch accountability, and other data collection.
6. Promote industry and public involvement.
7. Foster good working relationships between scientists, agency staffs, industry stakeholders, coastal communities, the public, and the councils.

Conclusion:

Successful fisheries management in the North Pacific is proof the national standards and goals of the Magnuson-Stevens Fishery Conservation and Management Act, when properly applied, serve as an excellent model for regional decision making that provides for the wise use and sustainability of the fisheries resources in the U.S. EEZ. Half of the Nation's annual landings of fish come from waters off Alaska and assessments of all the groundfish stocks conclude they are healthy and sustainable. The North Pacific region has shown the Act works when closely followed. It accommodates national and regional interests and provides critical guidance for responsible decision making. The Magnuson-Stevens Fishery Conservation and Management Act is a successful partnership program that provides the necessary framework for successful fisheries management and conscientious stewardship of the marine resources.

Mr. GILCHREST. Ms. Kelley?

**STATEMENT OF DALE KELLEY,
ALASKA TROLLERS ASSOCIATION**

Ms. KELLEY. Good morning, and welcome to Ketchikan.

Mr. GILCHREST. Thank you.

Ms. KELLEY. My name is Dale Kelley. I am the Executive Director of the Alaska Trollers Association, and our office is located in Juneau. Since 1925, ATA has represented hook and line salmon fishermen who operate in both state and Federal waters off the coast of Southeast Alaska. Small family operations target premium quality Chinook and Coho. The fish are caught one at a time, and cleaned and iced or flash frozen onboard. Most of our product is distributed to white tablecloth restaurants and smokeries around the world. Here in southeast there are only 33 communities. Only three have road access. Ketchikan isn't one. This makes commercial fishing extremely important to our region. About one of every 40 people works on a troll boat. Fishing and support jobs span everything from fishermen and processing workers to fishery scientists, gear, and service providers. The troll fleet is the largest in the state, 85 percent resident and 40 percent of our permit holders live in rural communities. And, by the way Ketchikan may seem small by lower 48 standards, but it's actually our fourth largest community and not considered rural.

The troll fleet is unique in any number of ways. Ours is the only salmon fleet in Alaska that fishes in the EEZ. For many years the Council jointly managed our fisheries with the Alaska Board of Fisheries. But recognizing the strength of Alaska's management program delegated its management authority in 1991. So ADF&G manages our fishery is pertinent to the council process. Now the Council steps in only when a Federal management body is needed to review specific issues like the Endangered Species Act. Trollers are the only Alaska salmon fishermen managed under the ESA, even though no Alaska salmon stocks are

listed under the Act. We bear this unfortunate distinction because we harvest a small number of fall run salmon from the Snake River. The ESA mandates involvement of a Federal regulatory body. So we sometimes address the Council on this matter. While the Council's not directly involved in managing the troll fishery, ATA remains interested in the laws that govern it's activities and our operations. Many in the fleet are diversified into other Council fisheries. And we remain concerned about habitat and other initiatives bedded in that arena. As with any regulatory process there's often a wide range of opinions and positions. ATA doesn't always agree with the Council's decisions, but we greatly value it's existence. We recognize the Council is fulfilling a very important purpose with respect to transparent management of our public resource. We recognize it as a national leader in fisheries management.

I would specifically ask to discuss with you our fishery and it's relationship to management. So how is fishery management in Alaska different? Well I find that Congressman Young maybe surprised to learn that dynamite is not official fishing gear in this state. Because in this state fish always come first. Alaska's constitution mandates sustainable fisheries, so Alaska was caring for habitat and managing it's fisheries in a cautious manner long before anyone coined the term precautionary approach. The regulatory process is public and dynamic. Our management plans are publicly reviewed and modified as needed to accommodate changed circumstances. Conservation and allocation decisions are kept separate. The Board of Fisheries allocates fish, but Fish and Game primary responsibility is conservation. The lines of authority are clearly drawn, and this is a very important point of our management system. Governors and legislatures, though they tried at times do not make fishery management decisions in Alaska. And in fact the Commissioner of Fish and Game doesn't actually manage the fisheries. But relies on professional front line biologists to manage them. Science-based management decisions are made using current and historical data along with in season observations. Fisheries managers are empowered to override Board of Fish Management Plans and close fisheries, when necessary for conservation. This data driven, responsive, fish friendly management is probably the most significant difference between ADF&G and many other management agencies around the country.

ADF&G and other Alaska agencies work closely with fishermen. We regularly meet to coordinate on common policy goals. Fish and Game and fishermen work together to design common sense regulations that benefit both the resource and industry. And the prime example for our fleet is our spring troll fishery. Where each year we've began coordinating port meetings, Fish and Game and I, and we inform fishermen—we just give them the current information, but also work to reconfigure, if necessary any of the more than 30 distinct spring fishing areas. So it's very cooperative, open process between our organizations.

ATA is in daily contact with managers to share vital fishing information. To help Fish and Game more quickly access run strength we share information from fishermen on the grounds. And as a volunteer I conduct aerial boat counts for ADF&G to help esti-

mate effort and catch rates. ATA once ran a logbook program and this year we will work with NOAA to examine the food source data collected by trollers in hopes of helping scientists studying Steller sea lions. Alaska's management program is strong because managers work for the resource and with users. This situation didn't develop overnight. And while it's not perfect our system seems to have matured nicely into one of cooperation between Alaska's agencies and fishermen. Unfortunately our experience is not consistent with what you hear from fishermen and scientists across the nation.

We have just a few points of concern within the Magnuson-Stevens reauthorization process. The Council membership, we believe should be knowledgeable and reflect the affected public and state governments. And I couldn't say it any better than Cora had emphasized a few minutes ago. Fishery policy and management should be prescriptive and adaptive recognizing differences between regions, fleets, and circumstances. What works in North Carolina isn't going to work here in Alaska. And we're a little tired of fending that off during these reauthorization processes. Marine protected areas should not be legislated. We believe the Council should use them only if necessary to achieve specific goals and objectives, and after extensive public process. The Council's must recognize local knowledge in their decisions and strive to balance uses. Decentralizing management decisions to minimize political pressure and improve reaction time should lead to more nimble and responsive management programs. Key terms such as over fishing need to be reevaluated and/or developed. Enhanced research and data collection to avoid duplicity, which protecting confidential data is essential. Cooperative projects with fishermen and their organizations should be encouraged. Vessel Monitoring Systems should require reasonable justification as to the actual need for and intended use of data collected. Confidentially and privacy matters must be addressed and industry costs mitigated. Particularly in the smaller boat fleets.

Dedicated access privileges must be carefully crafted and consider individual fishing histories and impacts on fishermen and small communities. Control of the public resource, ownership and consolidation of the seafood industry are important issues demanding stringent standards to safeguard U.S. fishermen in coastal communities. Potential impacts of offshore aquaculture must be scrutinized and carefully dealt with.

New legislation would exempt fish farmers from Magnuson-Stevens Act. While some provisions of the Act might not be applicable to aquaculture, many of the national standards seem appropriate and fitting. It would be unfortunate to continue improving fishery management in the EEZ only to see conservation and U.S. economics successes undermined by new activities that could affect not only the seafood industry, but coastal communities and others who utilize the oceans.

In conclusion, not long ago I had dinner with a lively group of East Coast fishermen in Portuguese Fishermen's Hall in New Bedford, Mass. A lobsterman from Maine flopped down beside me and told me everything he know about Alaska fisheries in one statement. He said that the Alaska fleet is made up of huge factory

trollers that ply the coastline taking copious amounts of fish and destroying the Pacific Ocean. So, of course I had to share with him my impression of East Coast fisheries. That their management is so dysfunctional that no one really knows how many boats are fishing where or when, for what species, with what gear. And they're very close to catching the last fish in the Atlantic Ocean. As we talked we quickly discovered how little we actually knew about each others fisheries and regional concerns. And I certainly felt my horizons expand as I listened and learned. If Americans are lucky those changed with reauthorization of Magnuson-Stevens and other important fisheries law will take time, as you are to gain a broader understanding of the U.S. fisheries and dependent communities. We should all draw on the success and failure of others as we work to further refine and improve our nations fish and habitat policies. Working together we can insure the sustainability and productivity of the oceans for our children and the nation.

Mr. YOUNG. Thank you, Dale.

Mr. GILCHREST. Thank you very much, Ms. Kelley. We'll have to have you come and testify over when we go to Portland, Maine.

Ms. KELLEY. I'd love to.

Mr. GILCHREST. Ms. Behnken.

[The prepared statement of Ms. Kelley follows:]

**Statement of Dale Kelley, Executive Director,
Alaska Trollers Association**

Good morning and welcome to Ketchikan! I greatly appreciate you taking time to personally travel to Alaska to learn about our fisheries and hear our concerns.

I am Dale Kelley, executive director of the Alaska Trollers Association. Our office is located in Juneau.

When invited to testify at this hearing, I was asked to discuss—our fishery and its relationship to management—what is our unique management experience and why is Alaska different? To answer those questions, it's important to look beyond the Council process and focus more directly on our fisheries and communities, along with what's right and working with our state waters fishery—and why. Therefore, my comments will attempt to give you a sense of what our region is like; what our fleet does; how our fishery fits into the Council process; our perspectives on the Alaska management experience; and, a heads-up on some of our members' concerns.

Since 1925, ATA has represented hook and line salmon fishermen who operate in both state and federal waters off Southeast Alaska. The typical crew size on a troll vessel is a skipper and one deckhand, although there are also many family-run operations. Our principal target species are chinook and coho and the product is premium quality. Fish are caught one at a time and cleaned and iced or flash-frozen while still onboard the vessel. Most troll-caught fish are bound for white table cloth restaurants and smokeries around the world.

There are approximately 15,000 salmon producing rivers in Alaska with over 2,500 in this region alone. Freshwater and marine habitat in Alaska is largely intact and most species of fish and shellfish are healthy throughout the state. Alaska salmon have been highly abundant for the last two decades and our processors are granted use of the Marine Stewardship Council's sustainable label.

Alaska is extremely fish dependent and most coastal communities host a diverse fishing fleet. When you consider the seafood industry, the guided sportfishing industry, resident anglers, and subsistence users, the pursuit of wild fish is clearly one of the most important contributors to our local economy and social well-being. The taxes and fees collected from the seafood sector by the state far exceed every industry but oil, which makes seafood production important to all Alaskans.

There are 33 communities here in Southeast but only three are accessible by road. Commercial fishing is extremely important to our jobs base. Fishing and support jobs span everything from fishermen and processing workers to fishery scientists, gear suppliers, and service providers. The troll fleet is the largest in the state and about one of every 40 people in this region works on a troll vessel. Roughly 85% of the permit holders are resident and over 40% of them live in rural communities. Incidentally, while small by Lower 48 standards, Ketchikan is not considered

rural—with little over 14,000 souls, this is the 4th largest city in Alaska. If you look outside right now you'll see three cruise ships in the harbor. Passengers onboard those vessels equal nearly half the year-round population of Ketchikan. Alaska might be called the Great Land, but it's made up of a lot of small towns.

The troll fleet is unique in that ours is the only salmon fleet in Alaska that fishes the EEZ. As a result, a fishery management plan (FMP) was drafted by the North Pacific Fishery Management Council (Council). For many years, the Council jointly regulated our fishery with the Alaska Board of Fisheries (Board), but, recognizing the strength of Alaska's management program, delegated its authority to the state in 1991. Therefore, how the state manages the troll fishery is pertinent to the MSA.

The Council still steps in when a federal management body is needed to review specific issues, such as the Endangered Species Act. Trollers are the only Alaska salmon fishermen managed under the ESA, even though none of state's salmon stocks are listed. Trollers bear this unfortunate distinction because they harvest a small number of fall-run Chinook salmon from the Snake River. Beyond the current program to conserve salmon stocks, there is nothing our fleet can directly do to rebuild Snake River Fall Chinook. This fact has been recognized by both the Council and the Pacific Salmon Commission (PSC), the body that implements the US/Canada Salmon Treaty (Treaty). In 1999, a ten year Treaty agreement was struck and Alaska was able to secure a Section 7 permit to fish under the ESA for the life of that agreement. Before that, the state applied for a permit to fish under the ESA, NOAA reviewed and ruled on our management plan, and the Council put the matter in front of the public. There was often considerable acrimony between NOAA, the state, and fishermen during this process, but the long term Treaty agreement and associated ESA permit put an end to that. Hopefully, a similar arrangement will be possible in the future, as it would streamline the ESA process for all.

While the Council is no longer directly involved in managing the troll fishery, ATA remains interested in laws and policies that govern its activities or could affect operations. Our members are concerned about habitat and other initiatives vetted in that arena, and many in the fleet participate in other Council fisheries.

As with any regulatory process, there is often a wide range of opinions and positions. ATA does not always agree with the Council's decisions, but we greatly value its existence. We recognize the Council as fulfilling a very important purpose with respect to transparent management of a public resource. As you know, Alaska's Council has an outstanding reputation as a national leader in federal fisheries management, and is typically on the forefront of designing systems intended to protect and sustain marine resources.

So, why does fisheries management in Alaska work—how is it different?

Well, given his earlier comments, Congressman Young might be surprised to learn that dynamite is not legal fishing gear around here...

In this state, fish have always come first.

- Following a couple of failed ballot attempts, Alaska joined the union when federally permitted fish traps threatened to kill off salmon.
- Alaska's Constitution bans fish traps and mandates sustainable fisheries.
- Alaska was caring for habitat and managing its fisheries in a cautious manner long before anyone coined the term "precautionary approach".

The state and its people are affected and engaged.

- Fishing is the number one employer and, in some way, every town in Alaska relies on commercial fishing.

The regulatory process is public and dynamic.

- Alaska Board of Fisheries (Board) is a lay board that conducts lengthy public meetings in each region no less than once every three years. Special meetings are held for unanticipated needs, but it is extremely rare to secure such a meeting for anything but conservation.
- Anyone can submit a proposal and participate in the meetings. It is not unusual to see a thousand proposals submitted to the Board in any given year.
- The Board is supported by local Advisory Committees who actively seek out the opinions and concerns of their communities, and pass those recommendations on to the Board.
- Management plans are publicly reviewed and modified as needed to accommodate changed circumstances.
- The Alaska Department of Fish and Game (ADFG) can alter these plans in-season, if conservation warrants.

Conservation and allocation decisions are kept separate.

- Alaska Board of Fisheries is responsible for allocation.
- ADFG's primary responsibility is conservation.

Lines of authority are clearly drawn

- Though some have tried, Governors and Legislators do not make fishery management decisions.
- The Commissioner of Fish and Game relies on professional front-line biologists to manage fisheries on a day-to-day basis.

Science-based management decisions are made using current and historical data and in-season observations. Fishery managers are empowered to override Board of Fish management plans and close fisheries when necessary for conservation.

This data-driven, responsive, fish friendly management process is probably the most significant difference between ADFG and many other management agencies around the country.

ADFG and other Alaska agencies work with fishermen to better manage resources

- We regularly meet with ADFG commissioners and staff to coordinate on common goals for state, federal, and international fishery policy.
- ADFG and fishermen work together to design common sense regulations that benefit the resource and industry.

A prime example is the spring troll fishery. ADFG and ATA host joint meetings in many ports, to share information with the fleet and seek input for shaping over 30 distinct management areas.

- ATA is in daily contact with managers to share vital fishery information. To help ADFG more quickly assess run strength, ATA shares real-time information from fishermen on the grounds. As a volunteer, I conduct aerial boat counts for ADFG to help estimate effort and catch rates.

For many years ATA ran a fleet logbook program with oversight from ADFG and NOAA. This year we will work with NOAA to examine food source data collected by trollers, in hopes of helping scientists studying stellar sea lions.

- ATA works with the agencies to improve habitat for fish and wildlife. ATA is a contractor working with USFWS, Ducks Unlimited, and AK Department of Transportation to improve fish passage on Prince of Wales Island.

In sum, Alaska's management program is strong and effective because managers work FOR the resource, and WITH the users. This situation didn't develop overnight. And, while it's not perfect, the current system seems to have matured nicely into one of cooperation between Alaska's agencies and fishermen.

Unfortunately, our experience is inconsistent with what I hear from many fishermen and scientists around the nation. In my opinion, the federal system overall could be well served by following the example set by Alaska when it comes to partnering with industry and securing science based, responsive management programs.

Industry Challenges

The committee also requested information about what challenges we anticipate in the foreseeable future. Like any industry, we have a few.

- Conserving and maintaining access to the resource
- Securing adequate funds for research, management, and enforcement.
- Habitat protection
- Integrating and/or fending off new approaches to conservation and management (e.g. what's already working versus which trendy concept or term has true meaning and application?).
- Ensuring business friendly regulation: Safeguards the resource/Practical and orderly
- Food safety and product quality
- New product form development
- Marketing
- Transportation
- Environmental and Trade Policy
- Fish farming and its impacts

Select MSA Issues of Concern to ATA

The following will highlight a few of ATA's MSA concerns. It's early in the reauthorization process and we will no doubt share more detailed comments with you and other congressional committees as the issues emerge and narrow.

Fishery policy and management should be prescriptive, adaptive and recognize the differences between regions, fleets, and circumstances.

Marine Protected Areas should not be legislated. The Councils should use them only if necessary to achieve specific goals and objectives, and only after extensive

public review. As a practical matter, Alaska already uses various forms of MPA by way of fisheries closures, and time/area restrictions. If more formal MPA's are deemed appropriate, basic policies and structural sideboards should be developed by those who best know the resources and use pattern of the areas in question. The Councils must recognize local knowledge and strive to balance uses. Development of Local Area Management Plans (LAMPS) is creating some good process for protecting areas, while still providing for harvest.

Decentralizing management decisions, to minimize political pressure and improve reaction time, should lead to more nimble and responsive management programs. When Congress and the agencies make decisions from afar, significant lag times occur which can harm both the resource and harvesters.

Key terms such as "overfishing", "sport fishing", and "fishing community" should be re-evaluated and/or developed. For instance, the way the term "overfishing" is applied sometimes unfairly punishes fishermen by failing to consider all sources of mortality. Fishing isn't always the only, or the biggest, culprit behind stock declines. Reduced abundance can stem from habitat destruction, pollution, or natural causes like water temperature and current, or the cyclical nature of a species (e.g. halibut or pink salmon).

There is a need to enhance research and data collection, while avoiding duplicity and protecting confidential data. Cooperative projects with fishermen and their organizations should be encouraged and may provide cost savings.

Vessel Monitoring Systems (VMS) should require reasonable justification as to the actual need for, and intended use of, information collected and also consider the appropriateness of utilizing these systems on various fleets. Small boat operators should not be held to same requirements as large. Many of our fishermen live aboard their boats all or part of the year and every boat day isn't necessarily spent fishing. Confidentiality and privacy matters must be addressed and fishermen engaged to help find appropriate and practical solutions to these issues when VMS is warranted. If VMS is required, the cost to industry should be mitigated with financial assistance or providing equipment at no cost. Other means of securing this information should also be explored.

Dedicated Access Privileges must be carefully crafted, grounded in common sense, and consider individual fishing histories and impacts on fishermen and communities. Creative programs that contemplate an affordable means for future generations to enter the fishery will be especially important for mitigating the social cost of such programs, particularly in small communities. If IFQ programs are implemented, then all commercial and guided operators harvesting the quota species should be included, so as to not unfairly restrict one group while the other continues to increase its harvest share. This is a live issue in Alaska, where some in the guided sportfishing community are attempting to resist implementation of an IFQ system for their fishery, at the expense of existing commercial IFQ holders.

Control of the public resource, ownership and consolidation of the seafood industry are important issues demanding stringent standards to safeguard U.S. fishermen and coastal communities.

Potential impacts of offshore aquaculture must be scrutinized and carefully dealt with. Recently introduced legislation would exempt fish farmers from the MSA. While some provisions of the MSA might not be well-suited to aquaculture, many of the national standards seem fitting and appropriate. It would be unfortunate to continue improving fishery management in the EEZ, only to see conservation and U.S. economic successes undermined by new activities that could affect not only the seafood industry, but coastal communities and others who utilize the oceans.

In Conclusion...

Not long ago I had dinner with a lively group of East Coast fishermen at a Portuguese fishermen's hall in New Bedford, Mass. A lobsterman from Maine plopped down beside me and told me everything he knew about Alaska fisheries in one statement...the Alaska fleet is made up of huge factory trawlers that ply the coastline taking copious amounts of fish and destroying the Pacific Ocean. So, of course, I shared with him my impression of East Coast fisheries...that their management is so dysfunctional that no one really knows how many boats are fishing where or when, for which species, with what gear—and that they are very close to catching the last fish in the Atlantic Ocean. As we talked, we discovered how little we actually knew about each other's fisheries and regional concerns. I certainly felt my horizons expand as I listened and learned.

If Americans are lucky, those charged with reauthorization of Magnuson-Stevens and other important fisheries law will take the time, as you are today, to gain a broader understanding of U.S. fisheries and dependent communities. We should all draw on the successes and failures of others as we work to further refine and im-

prove our nation's fish and habitat policies. Working together, we can ensure the sustainability and productivity of the oceans for our children and the nation.
Thank you.

**STATEMENT OF LINDA BEHNKEN,
ALASKA LONGLINE FISHERMEN'S ASSOCIATION**

Ms. BEHNKEN. Thank you.

Mr. GILCHREST. Did I pronounce that right?

Ms. BEHNKEN. You did actually. Which is rare, people don't usually get that. Thank you.

My name is Linda Behnken. I am Director of the Alaska Longline Fishermen's Association, testifying today on behalf of ALFA's membership. Thank you for this opportunity to testify and for traveling to Alaska to hear our concerns. By way of introduction, I have fished commercially since 1982, I've owned and operated a 34 foot combination troll/longline vessel since 1991. I served on the North Pacific Fishery Management Council from 1992 to 2001, and have been ALFA's Director since 1991.

With my testimony, I would like to provide you with some background on ALFA's membership. The fisheries in which ALFA members participate, and the strengths and weaknesses of the IFQ program under which those fisheries are managed. I will end by offering some recommendation on the establishment of Magnuson-Stevens Act standards for future dedicated access programs. And the importance of designing such programs to enhance opportunities for independent community-based fishermen. ALFA's membership is comprised of deckhands and vessel owners who work and operate longline vessels in the North Pacific. Most ALFA members reside in the coastal communities of Southeast Alaska. Our membership includes owners of vessels ranging in size for open skiffs to 80 foot halibut schooners. But the majority operate vessels under 60 feet. Members primarily target sablefish and halibut, but many also troll, seine, gillnet, or tender salmon during the summer months. Alaska's sablefish, halibut fleet has now fished under an IFQ program for 10 years. The program has achieved conservation, safety, and market objectives. Gear loss, by catch, and dead loss have all been reduced, as have accidents at sea. The fleet has enjoyed excellent ex-vessel prices, and sold more fish on the fresh market than anyone predicted. Thanks to competition and innovation in the processing sector. Let me remind you that there are no processing who share in these fisheries—processing shares in these fisheries. Which has allowed new and creative buyers to enter the business. For most perspectives the IFQ program has been unqualified success. With the advantage of hindsight I can now see how the program design could have been improved to insure the stability of the IFQ fisheries. And to achieve long term socioeconomic objectives. In my written testimony I addressed both of these issues. Today I would like to focus on the latter. Achieving long term socioeconomic objection under dedicated access programs. In establishing the sablefish, halibut IFQ program the North Pacific Council stated their intent to maintain the existing characteristics of the fleet. Including fleet diversity, primarily owner operated vessels, and an entry level affordable and assessable to coastal community-based residents. Although fleet diversity has been

largely maintained through vessel size classes and the fleet is still primarily owner operated. Concessions made to first generation quota share recipients has provided a loop hole for de facto leasing. And issuance of quota share in perpetuity has had unforeseen affects on second generation access. The price of quota has risen above what can be considered an affordable entry level. Particularly to those needing financing to purchase shares. By way of example halibut shares currently sell for \$18 to \$22 dollars per pound. Although the ex-vessel price averages approximately \$3 dollars per pounds. Out of which a person has to pay crew expenses, maintain their vessel.

As a result, coastal community residents that did not receive an initial allocation or buy shares soon after implementation of the IFQ program are finding it difficult to find access to these fisheries. Over time program changes may further raise the cost of entry by allowing additional consolidation and absentee ownership. In sum the socioeconomic objectives defined for the program prior to implementation are eroding. A process that is jeopardizing second generation participation in the IFQ fisheries by coastal community-based fishermen.

These effects clearly underline the importance of initially establishing clear and measurable objectives, and scheduling periodic reviews that allow program modifications or allocation adjustments to insure the program objectives are being achieved. All future dedicated access programs should include these three elements. Had the North Pacific Council been required to take these steps the Council would have a clear blueprint for the program. And could now provide incentives or disincentives to trends to insure those goals were met. Modifications to the program could be made to lower the cost of entry to the halibut/sablefish program, actively discourage absentee ownership, and safeguard fleet diversity. For example the Council could limit the duration of shares or establish partial auctions to lower the entry level. Or provide allocation-based disincentives to absentee ownership of shares. To hasten the transition to the owner operated fleet initially envisioned by the Council. Without these clear objectives and the opportunity for modifications, pressure from well vested IFQ holders will likely shift programs over time toward absentee ownership, fleet consolidation, and high capital costs. It may preclude the involvement of coastal community-based residents.

With few alternative employment opportunities, coastal communities simply cannot afford to loose access to local resources. Across the nation, and indeed around the world coastal communities are in trouble. Largely due to the loss of access to marine resources. Immediate action is needed to maintain an affordable entry level and to halt the trend toward absentee ownership that reduces fishermen to the status of share croppers. Standards for future dedicated access programs must be added to the Magnuson-Stevens Act to maintain access opportunities for independent community-based fishermen. These should include specific and measurable objectives defining the biological, social, and economic goals of the program. Schedule periodic review to insure consistency with biological, social, and economic goals of the program, with the opportunity to modify programs and allocations in order to achieve objectives.

Maintaining active participation in harvesting operations by those holding dedicated access privileges. Provide an entry level affordable to the coastal community fishermen. Maintain competitive markets, encourage innovation in the processing sector, and establish effective limits on consolidation.

In conclusion, when designing the halibut/sablefish IFQ program, the North Pacific Council articulated a vision for the fisheries that included biological and socioeconomic objectives. However the Council was not required to establish measurable objectives against which the program would be periodically evaluated. Nor did the Council have the opportunity to modify those allocations to insure that the objectives were met. With the sablefish, halibut program has been highly successful for a biological and marketing perspective, the combination of unseen affects and program amendments threaten to erode socioeconomic objectives. In the absence of Magnuson-Stevens Act standards for dedicated access programs, the socioeconomic affects will be difficult to address. The North Pacific Council, as well as Council's for other parts of the Nation paid far less attention to second generation access, and socioeconomic affects with other dedicated access programs. Then were considered when drafting the sablefish, halibut program.

As more and more fisheries move toward dedicated access programs, access opportunities for coastal communities must be safeguarded or many coastal fishing communities will disappear. Experience indicates that national guidelines are needed to guide regional council's in the development of these programs. ALTA recommends the establishment of Magnuson-Stevens Act standards that include the items outlined above. Only then will the vitality of our nations fishing in coastal communities be restored. Thank you for the opportunity to comment.

[The prepared statement of Ms. Behnken follows:]

**Statement of Linda Behnken, Executive Director,
Alaska Longline Fishermen's Association**

My name is Linda Behnken. I am the of the Alaska Longline Fishermen's Association (ALFA) and am testifying today on behalf of ALFA's membership. Let me start by thanking you for this opportunity to address the subcommittee, and for the time you have taken to travel to Alaska and listen to our comments.

Introduction

By way of introduction: I have fished commercially since 1982, and have owned and operated a 34 foot combination troll/longline vessel since 1991. I served on the North Pacific Fishery Management Council from 1992-2001. I have been the director of the Alaska Longline Fishermen's Association (ALFA) since 1991. I hold a Master's degree in resource management from Yale University.

With my testimony, I would like to provide you with some background on ALFA's membership, the fisheries in which ALFA members participate, and the strengths and weaknesses of the IFQ management program that governs those fisheries. I will end by offering some recommendations on the establishment of Magnuson-Stevens Act standards for future dedicated access programs, and the importance of designing such programs to enhance opportunities for independent, community-based fishermen.

ALFA's membership

ALFA's membership is comprised of deckhands and vessel owners who work and operate longline vessels in the North Pacific. Most ALFA members reside in the coastal communities of Southeast Alaska, although the membership also includes some residents of Washington and Oregon. Our membership includes owners of vessels ranging in size from open skiffs to 80 foot halibut schooners, but the majority

operate vessels under 60 feet. Members primarily target sablefish and halibut, and many also troll, seine or tender salmon during the summer months.

The halibut/sablefish IFQ program

As you are aware, the sablefish and halibut fisheries off Alaska are managed under an IFQ program. ALFA actively participated in development of the sablefish/halibut IFQ program, repeatedly reminding the Council that the program must address conservation and safety issues while maintaining the existing characteristics of the fleet, preventing excessive consolidation, providing an affordable entry level and ensuring competitive markets. ALFA joined with other Alaska-based groups to demand the fleet remain primarily owner-operated, with quota shares held by vessel operators. We made clear that our support for an IFQ program was contingent upon provisions precluding absentee-ownership and corporate control of the fisheries or the longline markets. We successfully championed an amendment called the Block Proposal that further limited consolidation and enhanced entry level opportunities. In the end, the IFQ program contained the key elements needed to earn ALFA's support and we worked hard to promote adoption and, finally, implementation of the program in 1995.

Evaluating the IFQ program

Alaska's sablefish/halibut fleet has now fished under the IFQ program for 10 years. Without reservation, I will tell you the program has achieved conservation, safety and market objectives. Gear loss, bycatch, and deadloss have all been reduced, as have accidents at sea. The fleet has enjoyed excellent ex-vessel prices and sold more fish on the fresh market than anyone predicted, thanks to competition and innovation in the processing sector. Let me remind you there are no processor shares in these fisheries, which has allowed new and creative buyers to enter the business. (To diverge for just a moment: ALFA recognizes the absolute importance of competitive markets and limits on vertical integration and firmly opposes processor shares in any form.) From most perspectives, the IFQ program has been an unqualified success.

With the advantage of hindsight, I can now see how the program design could have been improved to ensure the stability of the IFQ fisheries and to better achieve socioeconomic objectives. I would like to focus on two design improvements. These are: preventing the growth in a related sector from undermining the stability of an IFQ program—in our case this translates to including the halibut charter fleet in the IFQ program; and, establishing clear program objectives against which the program will be evaluated and allocations can be adjusted on a regular basis.

Maintaining the stability of an IFQ program— Early in the process of designing the commercial halibut IFQ program, the North Pacific Fishery Management Council considered including the halibut charter sector in the initial IFQ allocation. The Council did not pursue this option. While initially including the charter fleet in the commercial IFQ program may not have been optimal, preventing the charter sector from eroding the stability of the commercial IFQ program has definitely proved to be essential.

Growth in the charter halibut harvest results in a direct reallocation of quota from the commercial to the charter sector; hence the unchecked halibut charter harvest is currently threatening to de-stabilize the commercial IFQ program. Commercial fishermen working to pay off loans on quota shares cannot afford the deduction associated with the reallocation, especially during years of declining halibut abundance as is currently predicted for Alaska. Growth in the charter sector is also causing localized depletion near towns, which in turn disadvantages subsistence and non-guided sport fishermen. In sum, placing most, but not all halibut businesses under the market-based IFQ system has allowed one sector to grow unchecked while IFQ holders pay the cost of conservation and face an unjust reallocation of shares, and non-guided sport and subsistence harvesters face dwindling opportunities.

In response to these and other problems associated with growth in the halibut charter sector, the North Pacific Council adopted an IFQ program for the halibut charter fleet in 2001. The Proposed Rule to implement the program is scheduled for review this summer. The Council spent eight years reviewing options and 8,000 public comments before selecting the charter IFQ program as the best solution to identified problems associated with growth in the halibut charter harvest. Had the charter fleet been included in the initial allocation or included soon after implementation of the commercial IFQ program, the current crisis of uncompensated reallocation from commercial to charter fishermen and localized depletion near many coastal communities could have been avoided. Clearly allowing one sector to grow unchecked at the expense of those investing in an IFQ program creates an untenable situation and should be considered when designing future IFQ programs.

Establishing specific measurable program objectives and scheduling regular evaluation to ensure program objectives are achieved: In establishing the sablefish/halibut IFQ program, the North Pacific Council stated their intent to maintain the existing characteristics of the fleet, including fleet diversity, primarily owner-operated community-based vessels, and an affordable entry level accessible to coastal community residents. Although fleet diversity has been largely maintained through vessel size classes and the fleet is still primarily owner-operated, concessions made to first generation quota holders have provided a loop-hole for de facto leasing, and issuance of QS in perpetuity has had unforeseen effects on 2nd generation access. The price of quota has risen above what is currently considered a reasonable investment or an affordable entry level for those needing financing to purchase shares. (By way of example: halibut shares currently sell for \$18-22 per pound, yet the ex-vessel price for halibut averages \$3 per pound). As a result, coastal community residents that did not receive an initial allocation or buy shares soon after implementation of the IFQ program cannot currently afford access to the fisheries. Over time, program changes may further raise the cost of entry by allowing additional consolidation and absentee-ownership. In sum, the objectives defined for the program prior to implementation are eroding, a process that is jeopardizing second generation participation in the IFQ fisheries by coastal community-based independent fishermen.

These effects clearly underline the importance of initially establishing clear and measurable management objectives and scheduling periodic reviews that allow program modifications or allocation adjustments to ensure that program objectives are being achieved. All future dedicated access programs should include these three elements. Had the North Pacific Council taken these steps, the Council would have a clear blue-print for the program and would have the opportunity to provide disincentives to trends inconsistent with program goals. Modification to the program could now be made to lower the cost of entry to the halibut/sablefish program, actively discourage absentee ownership, and safeguard fleet diversity. For example, the Council could limit the duration of shares or establish partial auctions to lower the entry-level, or provide allocation-based disincentives to absentee ownership of shares to hasten the transition to the owner-operated fleet initially envisioned by the Council. Without these clear objectives and the opportunity for modifications, pressure from well-vested IFQ holders will likely shift programs over time toward absentee ownership, fleet consolidation and high capital costs that may preclude the involvement of coastal community-based fishermen, deepening the gap between the "have" and the "have nots." With few alternative employment opportunities, coastal communities simply cannot afford to lose access to local marine resources.

Magnuson-Stevens standards for future dedicated access programs

Across the Nation, and indeed around the world, coastal communities are in trouble, largely due to the loss of access to local marine resources. While the halibut/sablefish program is rightly identified as the program designed with the most careful eye toward safeguarding community involvement, some critical components are missing—namely, including all related sectors under an effective management program and the establishment of specific management objectives against which the program can be regularly evaluated and allocations modified to ensure objectives are being met. The absence of these components could jeopardize the stability of the program and the access of future coastal community-based residents to the halibut/sablefish resource off Alaska. Given the limited employment options in coastal communities, access to coastal resources is of paramount importance to coastal residents. Immediate action is needed to maintain an affordable entry level and halt the trend toward absentee ownership that reduces fishermen to the status of share-croppers. Standards for future dedicated access programs must be added to the Magnuson Stevens Act to maintain access opportunities for independent, community-based fishermen. These should include:

- Specific and measurable objectives defining the biological, social and economic goals of the program;
- Scheduled periodic review to ensure consistency with biological, social, and economic goals of the program with the opportunity to modify programs and allocations in order to achieve objectives;
- Maintain active participation in harvesting operations by those holding dedicated access privileges (i.e., prevent absentee ownership)
- Provide entry level opportunities affordable to independent, coastal community-based fishermen;
- Maintain competitive markets that encourage innovation in the processing sector;
- Establish effective limits on consolidation.

Conclusion

In designing the halibut/sablefish IFQ program, the North Pacific Fishery Management Council articulated a vision for the fisheries that included biological and socioeconomic objectives. However, the Council did not establish measurable objectives against which the program would be periodically evaluated and modified to ensure those objectives were being met. The Council also failed to recognize the threat to the stability of the IFQ program posed by the halibut charter sector. While the sablefish/halibut IFQ program has been an unqualified success from a biological and economic perspective, growth in the halibut charter sector threatens to undermine program stability and the combination of unforeseen effects and program amendments threatens to erode socioeconomic objectives. The halibut charter IFQ program currently under legal review will re-establish program stability, preventing the current reallocation of shares from commercial to charter fishermen. In the absence of Magnuson-Stevens Act standards for dedicated access programs, the socioeconomic effects will be difficult to address.

The North Pacific Council, as well as Councils from other parts of the Nation, paid far less attention to second generation access and socioeconomic effects with other dedicated access programs than were considered in crafting the sablefish/halibut program. As more and more fisheries move toward dedicated access programs, access opportunities for coastal communities must be safeguarded or many coastal communities will disappear. Experience indicates that national guidelines are needed to guide regional councils in the development of future dedicated access programs. ALFA recommends the establishment of Magnuson-Stevens Act standards for future dedicated access programs that include the items outlined above. Only then will the vitality of the Nation's coastal fishing communities be restored.

Thank you for the opportunity to comment.

Attachments: Need for halibut charter IFQ in Alaska

A call to action for sustainable and diverse coastal fishing communities

[NOTE: Attachments to Ms. Behnken's statement have been retained in the Committee's official files.]

Mr. GILCHREST. Thank you very much.

Mr. YOUNG. Good job. Are you suggesting like—that the standards be written into law that directs the Council and doesn't give them the flexibility.

Ms. BEHNKEN. Mr. Chairman, Congressman Young, no I believe the Council's need flexibility in how they design the programs. And most programs need to be designed to meet specifics of the region and the fisheries that they're addressing. But I do think every program needs to have—be directed by standards. That require the establishment of specific objectives and that the programs then be reviewed on a periodic basis to insure that those objectives are being met. And if they're not being met that there be an opportunity to modify the programs to insure that those objectives are met.

Mr. YOUNG. You're asking us to put this in the Magnuson Act—the standards.

Ms. BEHNKEN. The requirement for specific objectives. And measures to safeguard access opportunities for coastal communities.

Mr. YOUNG. Now you keep talking about the second generation and the afford ability of entering the fishery. Are you talking about increasing the amount of boats in that area.

Ms. BEHNKEN. No, no. What I would be referring to there is people who buy shares as other people sell those shares. So the people who are buying in. So anybody other than initial recipients.

Mr. YOUNG. If I have a quota share of halibut or sablefish and I sell that, there's a chance of what we call a consolidation or monopoly being created. Can that happen if one sells, another sells, another sells, and that precludes the community from being—participating in the fishery?

Ms. BEHNKEN. That could happen under IFQ program. The halibut/sablefish program was written in such a way to limit the consolidation that can occur.

Mr. YOUNG. Right now, it can or cannot occur?

Ms. BEHNKEN. It cannot occur under the sablefish, halibut program.

Mr. YOUNG. That's good.

Ms. BEHNKEN. That is good.

Mr. YOUNG. I understand.

Ms. BEHNKEN. And I guess what I'm saying is there were a lot of objectives that were clearly stated by the Council when the program was initially written. Some of those objectives are being jeopardized at this point, and some amendments are being made. Our concern is that over time, changes to the program, some of the unseen affects may make it difficult for people who live in the communities to afford access to those resources. And that we're not alone, in fact I would say Alaska and the sablefish, halibut program is the one that did it best. Looking at dedicated access programs in other parts of the nation, in Canada the effects on communities have been far more profound. And the communities need to be considered and that access opportunities need to be up front and center in peoples consideration in forming any future dedicated access programs.

Mr. YOUNG. Ms. Kelley, how is the Canadian Treaty with salmon, you mentioned the Snake River. How is that working out as far as the quota on troll caught kings.

Ms. KELLEY. I'm happy to report we're enjoying the biggest quota year ever. The fish are very abundant and it's being reflected in our current Treaty Agreement that's now abundance based. So, our quota in Alaska now relies on just a certain set of stocks and goes up and down based on the health of those stocks.

Mr. YOUNG. Now you mentioned that the Department of Fish and Game in the state, and you fish in the economic zone down here. So, that cooperation between the state and the Council's is working out well.

Ms. KELLEY. I believe so. Usually—I think the Council still has a Management Plan. And they take a look at it every so often and update the information in it. But, since the early '90's they have delegated their management authority to the state. And there are a couple of terms that if the state does not comply with the U.S., Canada Salmon Treaty, if there's no a—if we violate the provisions of that Act then the Council will step in. Or if we are—our fisheries are being managed in such a way as to not be sustainable then they could step in.

Mr. YOUNG. And that has not happened.

Ms. KELLEY. No. Not at all.

Mr. YOUNG. Now what about the Snake River fish? What do we do about them.

Ms. KELLEY. Well Snake River fish are a problem for a number of reasons. They really have very little habitat. And until you restore the Snake River habitat, there's really not going to be a Snake River run of fish. So, that's—dams have obstructed the majority of the Snake River.

Mr. YOUNG. But I was saying though how—why should you be penalized if you're managing fish here in a proper fashion. Because one Snake River fish gets into our deal that's sort of like, you know a rotten apple in a whole barrel.

Ms. KELLEY. Well it's been very frustrating. And I think it's hard for our association—it's been quite a struggle. Because we feel like that ESA has been dealt in a very punitive matter through NOAA Fisheries, quite honestly. Obviously a different process than what you're dealing with here with Council's that....

Mr. YOUNG. Do you have suggested language that can relieve that problem.

Ms. KELLEY. Simplistically, the language would be just to hold those accountable—most accountable that are having the greatest impact on the resource. You know everything gets—the burden of salmon issues in the Columbia River typically gets thrown over to the harvesting sector. And quite honestly about 95 percent of the mortality occurring on Snake River fall Chinook is occurring at the dams. So, it's not really for us—we hear that money—that the hydro-operators ply money at the problem. But, there's some real issues there. And actually we can get into FERC re-licensing and how that might help with fish passage if you like, but it's a—

Mr. YOUNG. I can tell you don't get into the idea of tearing those dams up. Because that would shut down the entire northwest.

Ms. KELLEY. That's—I think depending on which dams—there's a variety of opinions about dams. But I can tell you in your—in DC as FERC re-licensing comes up, shorter term licensing on some of those fish passage structures might actually make it an incentive for people to do the R&D to develop structures. I mean right now it's all lumped into the big 40 or 50 year plan. And, you know who wants to develop something that may never be even tested. So, there may be other options, but really salmon tend to need wild and natural rivers.

Mr. GILCHREST. That might be an issue in the conference, I guess with the Energy Bill for the hydro dams.

Ms. KELLEY. Well those dams are all up for re-licensing now, as I'm sure you're aware.

Mr. GILCHREST. Right. We can—

Ms. KELLEY. So the whole process is on the table, so—

Mr. GILCHREST. Well we'll take this input back with us. See what we can do. I wanted to come back to Ms. Behnken and your comment about the standards. Your recommendation is to put standards into the Magnuson Act so that standards that would set about goals for people involved in these IFQ's. And I just want to get a couple of things in my mind straight. One of your goals is that IFQ's should only be sold to an owner operator.

Ms. BEHNKEN. Mr. Chairman, no. I'm sorry that I must not have been very clear. What we would like to see is that there be standards in Magnuson Act to guide Council's in developing dedicated access programs. And that those standards insure that second generation—people how buy into quota share programs over time, that those are people—people who can afford to buy in are people who live in our coastal communities. So, in other words we don't lose that access over time.

Mr. GILCHREST. I see. So, there would be some—so the second generation would be able to afford—

Ms. BEHNKEN. Right.

Mr. GILCHREST.—the purchase—and IFQ. Now as everybody's seen—it seems that the rationalization programs work pretty well up here. And you're continuing to pursue those. Does anybody else want to make a comment on those potential rationalization programs, owner operators having access to it. Local coastal communities having access to it. And there being, you know affordable entry into these programs.

Ms. NOROSZ. Yes. Thank you, Mr. Chairman. I guess I'd like to comment that I think Alaska's had a long history in trying to rationalize it's fisheries. Whether you're talking about limited entry for the state managed fisheries. Or whether you're talking about dedicated access privilege programs in the Federal fisheries. And since we've been talking about halibut and sablefish programs here, I guess I was very much involved in the development of that program. But I would like to say that there—that there were stakeholders in that fishery that who's contributions and investments weren't recognized. And that was of processors and of communities. And there are no protections in that program for those two sectors. Since then we've developed other programs through the American Fisheries Act, and with the Bering Sea, Aleutian Island Crab Rationalization Program that we've built upon past programs. We've learned from our mistakes. We've learned from seeing how these other programs have panned out. We've have the advantage of some history passing, and seeing what some to the unforeseen consequences are. And I think we've built upon those mistakes. And as I mentioned previously, I think with the Crab Rationalization Program that we have recognized the contributions of all three sectors. We've built in protective measures for the communities and processors. And set up a situation where we can have cooperative fisheries. And think that everyone is going to benefit as a result.

Mr. GILCHREST. Good. Thank you. Ms. Kelley.

Ms. KELLEY. Yeah. Thank you. I kind of feel stuck in the middle on this particular thing. Because I can definitely appreciate the points that both Kris and Linda have made. There are a lot of issues with respect to who loses with any type of rationalization program. Because with any kind of change there's always going to be somebody that was effected. Our fleet has an historical—has historically harvested halibut. Very common for trollers to be both trollers and longliners. And when the IFQ program came down. Our organization actually stood down and allowed these other groups that were longline specific groups to deal with the terms. Because it really divided our fleet. And I think—what Linda's saying I just wanted to echo that. And it is in my written comments as well. Is these affordable programs are really important, but not only to the second generation who wants to feel like there's some hope in the industry and you can afford to buy in—your stake into the commercial fishing industry. But also to the first generation owners who are hoping to sell, at some point there IFQ shares. I mean if you've got a boat and a bunch of Q's that you cannot sell to anybody, it's not very helpful to your business operation either.

So, I've watched this for quite some time as the cost has grown many people who are engaged in the fishery that are trollers right now had to buy into the program. They either didn't get enough share or hadn't fished the base period years. We saw a lot of people that took some time to pencil out their investment. But I think—I do worry as we head into the next generation about whether or not these fishing communities will sustain. Just whether or not there will be enough interest if young people can't afford to buy in.

Mr. YOUNG. How do you equalize that out though and afford to buy in? If I own some IFQ's, it's like a limited permit for anadromous fish or salmon. I don't own enough—much IFQ's and Cora decided she wanted to pay me \$25 dollars for a IFQ for one unit. And that precluded Dale from getting them, because she had more money than you did. How do you adjust that. I mean I'm naturally going to be selfish and take the \$25 dollars, you know.

Ms. KELLEY. I think Linda's put a lot of time and effort into that so she probably—her group is probably put a great deal of thought into, you know the next generation and how you might accomplish that. Which actually, if you dealt with communities and local—you could probably deal with the whole community structure with the right format. I'm not the expert on that. But, yeah it is very—it's market driven. And it's very confounding because typically there's going to be somebody that's going to be able to afford to pay and somebody who's not. So—

Mr. YOUNG. I agree with what you're trying to do. I want the community to survive. I want the fish to be able to get into the next generation. But, I mean human nature, you know I would rather see the IFQ's not be sellable. And I'm really get in trouble. And have them returned back to the community, and let the community, you know distribute the IFQ's to somebody in the community. That won't sell. I'm going to tell you that every fisherman in the room, their ears went up when I said that. But I just don't know how you can do it without some way of not compensating the owner of the IFQ. Linda, go ahead.

Ms. BEHNKEN. If I could answer that. We have given a lot of thought to this. And one is in the very structure of how you write the IFQ program. With the sablefish, halibut program we did the block proposal. Which gives people small increments of shares that can't be consolidate into bigger amounts. To keep that affordable we did vessel size classes, that the shares can only be fished on small boats, sell for less per pound. Those things have all helped. And there were all very important. And definitely get at the entry level.

I think the last piece of that that we didn't consider, and is not part of our program was the opportunity to modify programs on a five to ten year basis. And this is been addressed in sharing the fish, the NRC study that was commissioned on IFQ's. It's been used in other parts of the world as a way to be able to modify programs so that objectives are achieved. Also as a way to keep down costs. If you go to a bank and you say I have these shares. And I have them in perpetuity. The amount—the value of those shares is much higher than if you say I have these shares. They may be modified some degree—maybe 15, 20 percent of what I hold. In seven, five, seven, ten years, when they are reviewed. The value

then comes down. And they're valuable enough for people to use that investment, you know as a, you know justification for improvements to their vessel, safety, whatever.

But they don't, but they bring down the value somewhat. They control the value somewhat. That we think it would function, and has functioned in other places to keep those shares somewhat accessible. No one wants to talk about sum setting an IFQ program. No one wants to put in that much work on a program and think about in seven years it ends. And that's not what I'm talking about. What I'm talking about is an opportunity in a five to ten year timeframe to modify a program.

So, you may say at some point that we haven't quite achieved this objective of facilitating—say a gear type has come along. And it can harvest the fish with less impact to the resource. And you say we're going to offer this incentive. If you will switch to this other gear type you will get 100 percent of your quota for—after five years. If you don't switch, you'll get 90 percent. And that 10 percent's going to be reallocated.

Mr. YOUNG. OK. Just go back. This is going to be difficult, as you know. Because in the New England states they hate IFQ's. So, we're writing a national bill. That's something—we may have to have some exemptions for Alaska. I mean, what precludes the Council from doing what you're suggesting right now? Why does it have to be in the law?

Ms. BEHNKEN. Nothing precludes them, but I can say at this point, and in any dedicated access program. Overtime the pressure on the Council will be from people who are well vested in the program. And my members are well vested in the program. But they continue to have concern about what the fishery will look like in 15 years.

The people who are second generation, potentially second generation, the new people coming along, the deckhands coming along. They aren't going to be at the Council meetings testifying saying, what about me? You know, in 20 years I'd like to buy shares. Or in 10 years I'd like to be able to afford to buy shares. The people who are at Council meetings and pushing for changes, and pushing for amendments are the people who are well vested. Who would like to be able to have more flexibility, maximize the value of their shares. So over time, and this has been seen around the world also. The trend is always for programs to go more toward absentee ownership and more toward flexibility for the quota share holders, more toward consolidation.

And that's why I feel like if you leave it to the regional Councils, you know what we call the little people, the people in coastal communities, their concerns are not going to be safeguarded. And that's why I would ask that Congress take that step to safeguard second generation and to safeguard coastal communities.

Mr. YOUNG. Well I appreciate that, and appreciate the input. I have one last thing on the rationalization and the—we have an instance on the crab rationalization, just been implemented.

What happens when a person fishes on a ship for—or boats—four boats in 24 years as a captain? But he doesn't own the boat. Now the owner of the boat, although absentee may sometimes be, maybe in Seattle. He gets the full crab rationalization. But the skipper

gets very little, percentage is very small. He is precluded from ever getting into the fleet—

Ms. BEHNKEN. Exactly.

Mr. YOUNG.—because the rationalization went to the owner of the vessel. Was there any thought—I don't know, I should have asked the Council this. But any thought about maybe making a fair deal? Although the guy has the record of the amount of fish—of crab that was caught over those 24 years. He's now—he still has to work as a deckhand really, as a captain maybe. But he can't get into the fisheries, he gets a very small percentage of the crab.

There's got to be some fairness in this as far as the crew and the captains where they can in fact invest into a vessel—purchase a vessel or something like that. I don't know how to solve that problem. But that's been brought to my attention in the last day really. How do—anybody got any suggestions on that, or can it be done?

Ms. BEHNKEN. I think you solve it, Mr. Chairman and Congressman Young, in the same way. By addressing the opportunity for keeping an affordable entry level for second generation. If you allow those shares to go up in value to the extent that it's—you're buying a processing plant, or you're buying a multi-million operation. No, it's not going to be someone who lives in Ketchikan, Alaska. Or someone who lives in a small community. I mean especially our native communities.

If you look at the trend of limited access in Alaska, it's been out of the communities for the ownership of the shares. Particularly for those that go up to a level—Bristol Bay, where I see IFQ's going now for sablefish halibut.

So, I think you address the concerns of skippers, you address the concerns of deckhands, you address the concerns of coastal communities all by focusing on how do we keep this program affordable to second generation people. And I believe holding on to that opportunity to modify programs is really critical to that.

Mr. YOUNG. Cora, you had something to say.

Ms. NOROSZ. Thank you, Mr. Chair, Congressman Young. Just speaking from experience in the halibut and sablefish IFQ program, one of the ways that we made it accessible to skippers and crew is that on every landing you make there's an assessment. And a portion of that, a percentage of money that we derive from these fish goes into a pot that is a long term, low interest loan program for people who have time at sea and want to buy into the fishery. So the people who have the quota shares are paying into a pot to finance opportunities for the next generation. That's what we do in the IFQ halibut and sablefish program.

We also made an amendment a few years ago now to allow coastal communities to purchase shares. That they can distribute to their local fishermen. To insure that communities remain involved in the IFQ program.

Mr. YOUNG. Now Cora, when you say "we," who did that?

Ms. NOROSZ. Excuse me, I'm sorry. It wasn't we, it was the North Pacific Fishery Management Council.

Mr. YOUNG. So they've been involved in it.

Ms. NOROSZ. Yes, absolutely. The Council did exactly what Ms. Behnken is suggesting. They looked at the program, they decided that one of the goals that they wanted, which was to keep the par-

ticipation in the coastal communities of Alaska, was perhaps not being met as well as they would like. And so they developed an amendment to the program that allowed communities to purchase shares to be fished by local residents.

I guess that I would submit that in the halibut and sablefish IFQ program we do go back every few years. We take a call for proposals from the industry, we look at what modifications might be made to the program. And we—or excuse me they, the North Pacific Council acts on those if they feel that they're appropriate, and that they would meet the policy goals of that Council.

Another program that I'm sure you're familiar with that has—that addresses your question about the Bering Sea and Aleutian Islands crab fishery is the CDQ program. A portion of that quota is allocated to coastal communities and to the people that live in those communities.

Mr. YOUNG. And that brings up—I noticed no one ever mentioned the CDQ. Because you don't have any CDQ's south of the Aleutian chain. It is successful up there. I'm going to tell you one of the best success stories we have. People get confused, IFQ's and CDQ's and CDQ's affect the community. IFQ's affect the individual. That's why it's "I" and one is "C."

But it has been a very successful program. Although there's some people complaining about it right now. Because they say, you know the shares are being accumulated and assimilated by large corporations. I don't believe that necessarily true. But that's the accusation that's been in the paper, et cetera, et cetera. But it has helped those communities out tremendously to keep them alive. We've got people now into the fisheries which were not in the fisheries before.

We have a small halibut fleet. We have a great one in Nome, and one in Unakleet, we have one, you know one—Bethel, it's been a great success in Bethel. And we have really a community activity where people can get in it instead of being—looking—sitting on shore and looking at the water. And seeing someone out of Seattle fishing the fleet. You know that's what a reality is. Go ahead, ma'am.

Ms. NOROSZ. If I could just add one thing. I guess, you know that we're talking a lot about the fisheries and the communities. But we have to remember that a fishery isn't made up of just harvesters. The industry has other sectors, including the processing sector and the communities, who've invested a lot of money in infrastructure to allow these fisheries to occur. And we all have to have our investments and our historical participation considered when moving into any kind of rationalization program.

If you don't allow for some community protections and for the business that occur in those communities, then you're going to end up having a lot fewer communities. And it think we've witnessed that in some instances in Alaska. Where communities are really hurting because they haven't had access to the product, and the business in those communities have felt the hurt. With the halibut and IFQ—halibut and sablefish IFQ program a lot of that was dictated on who had access to air transportation, to get fresh fish to market. Or who was on a road system.

Like I said earlier, I think that we've learned from our mistakes. I think we have built upon our successes. And I think that the re-

cently adopted Crab Rationalization is taking in all the consideration of all those sectors. And that's the path we need to continue on. I don't think we need national standards to allow that to happen. And I think that the decisions need to stay with the regional Councils.

Mr. YOUNG. I see we have a little bit of difference on the panel. That's exciting. But we'll take—Mr. Chairman, with your discretion we will take a lot of this in to our process as we write this legislation. I will say on my behalf, that I'm very proud of what Alaska's done. And I will tell you one of the reasons I said—impressed—one of the reasons it has been successful is you've never seen my fingerprints on anything the Council does.

Because one of the problems we have, I know, back east is that the Congressmen and the Senators get involved in Council decisions. That doesn't work. Because I do have requests all the time, you got to have them change this. I'm not going to do that. The Council is functioning, they're using science, they're using public input, they're using the exposure, very transparent in everything they do.

And I think that's the way it should be done. And I'm not going to mess around with what they're doing. Because once you get the politics into it, from my level then your system falls apart.

I want to thank you ladies, and Mr. Chairman. I don't have any other comments, you got anything else?

Mr. GILCHREST. Thank you, Mr. Young. I want to thank the witnesses. We will use your oral and written testimonies to adjust, fine tune, calibrate the reauthorization of the Magnuson Act. And you have been a significant contributor to that effort.

I want to thank Mr. Young for inviting me up here, another trip to Alaska is always nice.

I'd also want to make a comment about the timing of this hearing. And a number of fishermen who are out on the high seas. If we didn't do it now, it probably wouldn't have happened until next November. And it's possible to do it again next November. But we needed to get early input into this process.

Ladies, thank you very much for your testimony. Thank you, Mr. Young.

Mr. YOUNG. Thank you, Mr. Gilchrest.

Mr. GILCHREST. Hearing adjourned.

[Whereupon, the Subcommittee was adjourned.]

[Additional material submitted for the record follows:]

[A statement submitted for the record by Dr. Clarence Pautzke, Executive Director, North Pacific Research Board, follows:]

**Statement of Dr. Clarence Pautzke, Executive Director,
North Pacific Research Board**

Good morning. My name is Clarence Pautzke. I am the Executive Director of the North Pacific Research Board based in Anchorage, Alaska. Thank you for this opportunity to comment on the Magnuson-Stevens Act, focusing on science-related issues and the challenges that lay ahead.

Momentum is building for ecosystem-based management

There has been much talk lately of the need to make ecosystem-based management the standard for the regional fishery management councils. Momentum to pursue this new paradigm is coming from several different directions:

- The U.S. Commission on Ocean Policy in 2004 adopted a guiding principle (#4 of 13) and a recommendation (4-3) calling for ecosystem-based management.
- The Pew Oceans Commission in 2003 promoted ecosystem-based management.
- A major advisory panel at the Managing Our Nation's Fisheries Conference this March urged fishery managers to account for ecosystem interactions to the best of their ability.
- NOAA has adopted a set of ecosystem principles to integrate its internal science activities and provide consistent goals in its marine and coastal management activities.
- Most legislative initiatives offered to date have a provision for ecosystem-based management.
- There have been numerous other reports, conferences, and colloquia on ecosystem-based management, all pointing to the need for it.

North Pacific Council already is implementing ecosystem-based management

We are very fortunate that the North Pacific Fishery Management Council (Council) already has been very proactive in protecting individual fish species and complexes from overfishing, and has enacted significant measures to limit impacts of fisheries on bycatch species, marine mammals, seabirds, and habitat, all of which have been documented in publications and testimony, and lauded by the U.S. Commission on Ocean Policy in its 2004 report. The Council's precautionary approach rests on four main goals: maintaining biodiversity, protecting essential fish habitat, managing fish stocks for long-term sustainability, and recognizing humans as part of the ecosystem. The Council requires considerable ecosystems information in its annual stock assessment documents, has an ecosystems committee, and is pursuing development of a fishery ecosystem plan for the Aleutian Islands. These initiatives demonstrate that the North Pacific Council is now following the path of ecosystem-based management and most likely will meet the challenge for such management regardless of how it may be clarified in future guidelines written into the MSA or developed by NMFS.

Marine ecosystems information is relatively poor and additional research is needed

In the rush to embrace this new management directive, we must keep clearly in mind the cautionary notes sounded by the U.S. Ocean Commission and many others: we are relatively information-poor when it comes to knowledge of marine ecosystems. Yes, we can pass legislation requiring ecosystems consideration; develop guidelines on how to go about it; establish ecosystems councils and committees; and even draft fishery ecosystems plans. But if there is no concerted effort to provide sustained funding for research on ecosystem structure and functions, then we may be setting the bar so high that regional fisheries councils may not be able to clear it. This could leave the councils and NMFS exposed to a serious rash of lawsuits and prolonged litigation, regardless of how sincere and laudable their intentions are to move toward ecosystem-based management.

Consider that over the past 5-6 years, there has been over \$120 million spent on Steller sea lion research and impacts of fisheries, and yet we still cannot clearly discern what caused their decline. Consider that even for the well-managed Alaska fisheries, of 196 fish stocks identified by NMFS in their annual stock status report to Congress (for 2003), the status of overfishing or being overfished is unknown for 60% and 83% of the stocks, respectively. Nationally, there is insufficient information to determine status for 500-600 stocks of over 900 fish stocks.

The need to provide accurate stock assessments will not be reduced in any way by the move toward ecosystem management. In fact, more research will be needed to continue to assess the status of fished species and improve their accuracy. Ecosystems information needs will compound that burden and require long-term funding commitments by Congress and the Administration.

North Pacific Research Board is responding to pressing information needs

We are very fortunate in Alaska to have a leg up in addressing new ecosystems mandates. Significant funding has been provided over the past decade to conduct ecosystems research on the Bering Sea, Aleutians and Gulf of Alaska and the Council works closely with NOAA and State of Alaska scientists to provide stock status information. There is confidence in that advice, due to the strength of the scientists involved. The Council annually defines its research priorities based on recommendations of its Scientific and Statistical Committee and in the past, has sent them to the NOAA-Alaska Fisheries Science Center and other federal entities that support research off Alaska.

The North Pacific Research Board (Board) now is available to address fishery and ecosystems research needs. It was created by Congress in 1997 to recommend marine research to the U.S. Secretary of Commerce, who makes final funding decisions. Research is funded by 20 percent of the interest earned by the Environmental Improvement and Restoration Fund (EIRF) also created in the enabling legislation. Funds are to be used to conduct research activities on or relating to the fisheries or marine ecosystems in the north Pacific Ocean, Bering Sea, and Arctic Ocean (including any lesser related bodies of water) with priority on cooperative research efforts designed to address pressing fishery management issues or marine ecosystem information needs. The Board's mission is to build a clear understanding of the marine ecosystems off Alaska that enables effective management and sustainable use of marine resources.

Since being organized in 2001, the Board has funded 94 projects for over \$17 million as shown in the attachment. The projects span all aspects of marine research including projects related to salmon and other fish species, habitat, marine mammals, seabirds, general ocean and ecosystems studies and six projects targeted on enhancing education and outreach as well as synthesis of knowledge on various topics such as the Arctic Ocean and Gulf of Alaska marine ecosystems.

The Board's science plan will be published next month. It was drafted with guidance from the National Research Council and will provide meritorious research to shed light on causes of variability in fish stocks and other ecosystem components, and the influence of human activities. The dichotomous themes of addressing more immediate pressing fishery management issues and longer-term marine ecosystem information needs are threaded through the science plan and each one of its sections on research needs by ecosystem component.

The science plan will be implemented through annual requests for proposals, drafted with valuable scientific advice provided by a high level science panel of top researchers from across the nation and Canada. Stakeholder insight is provided by an advisory panel representing Alaska and the Pacific Northwest. All proposals are given thorough anonymous review by technical experts as well as the science panel. All proposals are competitively chosen. Competition is intense with only about 1 in 4 proposals being funded.

The Council and Board have strong linkages. Many members participate in both bodies and share a mutual interest in ecosystem-based management. The Board is establishing an annual cycle of partnering with the Council to identify research priorities and intends that its research results flow directly into SAFE documents, especially the ecosystems considerations chapter. It is moving to shore up our understanding of the rich ecosystems off Alaska by developing integrated research programs for each of Alaska's large marine ecosystems, starting this year with the Bering Sea and Aleutians where most of the fish landings occur. This integrated program involves experts from the Board and all federal, state and academic institutions with a significant role in research on the broader marine ecosystem. It will serve as a template for the other marine regions off Alaska and generate new information which should be very useful to resource managers as they pursue ecosystem-based management.

Conclusion

In conclusion, we have a rather unique situation up here in Alaska. We have been blessed with considerable funding for stock assessments and ecosystems research. The North Pacific Council, using the best scientific information available over the years, has done an exemplary job of sustainable management, which the U.S. Ocean Commission fully recognized. The Council also is pursuing ecosystem-based management. Full implementation of this new directive will require continued leadership, commitment, and knowledge generated through sound science.

Ecosystem-based management is a laudable goal and should be pursued vigorously. There is, however, a risk that the bar will be set so high that fishery managers will be exposed to considerable litigation. We must strive to provide the best science available to support true ecosystem-based management and there must be a commitment from Congress and the Administration to support such research.

The North Pacific Research Board stands ready to help meet that challenge and do all it can to shed light on the structure and processes occurring within the marine ecosystems off Alaska, with the goal of providing a clear understanding of their variability that enables sustainable fisheries management.

Thank you for this opportunity to comment.

* * *

**OVERSIGHT FIELD HEARING ON FISHERIES
MANAGEMENT SUCCESSES IN ALASKA AND
REAUTHORIZATION OF THE MAGNUSON-
STEVENS FISHERY CONSERVATION AND
MANAGEMENT ACT**

**Friday, July 8, 2005
U.S. House of Representatives
Subcommittee on Fisheries and Oceans
Committee on Resources
Kodiak, Alaska**

The Subcommittee met, pursuant to call, at 11 a.m., at the Kodiak High School, Commons Room, 917 Rezanof Drive, Kodiak, Alaska, Hon. Wayne T. Gilchrest [Chairman of the Subcommittee] presiding.

Present: Representative Gilchrest.

**STATEMENT OF THE HON. WAYNE T. GILCHREST, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF
MARYLAND**

Mr. GILCHREST. The hearing will come to order. This is the Subcommittee on Fisheries and Oceans of the Committee on Resources in the House of Representatives. I am the Chair of the Subcommittee. Richard Pombo is the Chairman of the full Resources Committee. Don Young sits on both committees. And as you probably all know very well, Congressman Young is the Chairman of the Transportation Committee.

We are here in Kodiak, and we've recently had a hearing in Ketchikan, to glean information in the process of reauthorizing the Magnuson-Stevens Act. There are a number of provisions that we are taking a look at. Many of them will be discussed here this morning, and we will receive testimony for those areas of the Magnuson Act that we think need to be looked at, need to be tweaked, or need to be changed.

The fundamentals from our perspective on the Act are safety, economic viability, and fairness to those who directly participate in the industry and conservation and an understanding of the ecology of the oceans. We want to deal with as many facts as we can, but when we go back to Washington to reauthorize this Act, I'm confident that we will reauthorize the Act in this session of Congress and work well with Senator Stevens and the other Senators.

So it is our objective and goal to reauthorize the Magnuson Act in this Congress. We keep in mind though that all of the various differences, not only between New England, the Mid-Atlantic, the South Atlantic, the Gulf, the Pacific, the North Pacific, but the differences between the different areas of the North Pacific and how they deal with Ketchikan or the Bering Sea or the Gulf of Alaska, these are all very different fisheries.

So we in Washington will not be directly involved in some of those decisions in those fisheries, but what we want to do is to create standards and objectives and goals for Magnuson that the individual councils can take and apply. We also feel that the council system works very well. We also feel that the kind of changes that need to be taking place in management over what might happen in a few months or over what might happen in a few years, the councils are in a position to evolve and know best for a lot of those kinds of decisions.

So we will be creating a framework that will do what we can to ensure safety, economic viability, fairness to the fisheries and those who participate in them, and the ecological integrity of the oceans that we have jurisdiction over.

We would like to have been here when all the boats were in the city, but we were in session last week. We will be in session next week. We will likely be in session—there's a potential that we'll be in session through November. So we had a window of opportunity. Congressman Young asked that we would come up here, and so we are here. But the record for this hearing will be left open for 60 days. We will have a number of hearings throughout the country and in Washington, and we will continue to want to have access to the kind of information that each of you in this room and those out on boats or other places can continue to provide.

We look forward to the testimony today. We want to thank all of the witnesses for their effort in developing that testimony and for coming here this morning, and for the participation of everybody in the room. And once again, I understand that the food table is open throughout the course of the hearing, and so please help yourself.

[The prepared statement of Mr. Gilchrest follows:]

**Statement of The Honorable Wayne Gilchrest, Chairman,
Subcommittee on Fisheries and Oceans**

I'd like to thank Chairman Young for his invitation to come to Alaska to hear from his constituents about the fisheries management successes and how we can take the lessons that have been learned here to other parts of the country.

This Subcommittee has been working on the reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act for a number of years and I hope we will reauthorize the Act within the next year. I plan on working very closely with Chairman Young and with my Senate counterparts, including Senators Stevens and Murkowski.

As we have heard testimony on the Magnuson-Stevens Act, we have heard a lot about how well managed the Alaskan fisheries are. We have met with all the Councils and have heard from a number of constituent groups that we should look at how the fisheries are managed in Alaska. While I realize no fishery management system is perfect, I would like to see what lessons we can learn here and I appreciate all of you being here today.

We held a hearing two days ago in Ketchikan and heard a lot about fisheries management in Alaska and especially about fisheries management in Southeast Alaska. Today, we will hear about management in the Gulf of Alaska and in the Bering Sea. These are three very different ecosystems that require different man-

agement styles. I am interested to hear more about these different management styles and how the flexibility in the Magnuson-Stevens Act has allowed this to occur.

While I have already met some of you and heard about the North Pacific Council's activities, I am here to learn more about how we can improve the Magnuson-Stevens Act to make it work even better.

I want to thank Chairman Young for his invitation to come to Alaska and hope this will not be the last time this Subcommittee comes here for hearings.

Mr. GILCHREST. Our first panel is The Honorable Carolyn Floyd, Mayor, City of Kodiak, thank you very much; The Honorable Jerome Selby, Mayor, Kodiak Island Borough, welcome; Ms. Sue Salveson, National Marine Fisheries Service, welcome; and, Ms. Stephanie Madsen, North Pacific Fishery Management Council Chair. Thank you all very much for coming this morning.

Ms. Floyd, you may begin.

**STATEMENT OF CAROLYN FLOYD, MAYOR,
CITY OF KODIAK**

Ms. FLOYD. Good morning, Mr. Chairman, and members of the Subcommittee who are here or not here. And I have with me, Joe Sullivan, who is our fisheries consultant for the City of Kodiak, sitting beside me.

I am Carolyn Floyd, the Mayor of the City of Kodiak, and I appreciate the opportunity to testify before the Subcommittee on Fisheries and Oceans concerning North Pacific Federal fishery management issues affecting the City of Kodiak, understanding that you are considering reauthorization of the Magnuson-Stevens Act.

As an initial matter, I would like to officially welcome you to our city. We are justifiably proud of its character as one of the leading fishery communities in Alaska and the United States.

As background for my comments, I believe it is important for the Subcommittee to appreciate the character of Kodiak's fishing community. Kodiak has a long heritage of active engagement in every aspect of the fishing industry, from harvesting, processing and marketing through management and research. In Alaska, we are one of the very few communities with a large resident workforce that is actively employed in every one of these areas.

Kodiak fishermen are engaged in a wide array of fisheries, from the local jig cod fishery through Bering Sea pollock and crab. Our processors produce a wide array of products for both domestic and foreign markets. We cherish that diversity, and are convinced that it is an essential part of who we are as a community, as well as being essential for our long-term survival.

Also, one of Kodiak's important values, in fisheries as well as many other walks of life, is competition. Our community promotes competition among fishermen, processors, seafood marketers, and product developers, as we believe competition leads to innovation that preserves our ability to compete in world seafood markets, and, frankly, because it works.

We appreciate the potential benefits that can flow from fishery rationalization. We understand that rationalization can improve product recovery rates, facilitate production of higher quality and

higher value products, improve bycatch management, and reduce pressure on sensitive fish habitat.

However, we are concerned that rationalization can have adverse effects on fishing communities. By its very nature, rationalization restrains competition. Defining the pool of participants that receives fishing privileges creates winners and losers as a consequence of fishery policy choices and management procedures rather than fishing success. That step alone can fundamentally alter the health and stability of a fishing community.

Rationalization can fundamentally change landing patterns, shifting deliveries from communities close to fishing grounds with higher transportation and utility costs to communities further from the grounds with infrastructure advantages. While this may benefit harvesters and consumers, it can have a serious impact on the community losing processor employment opportunities. The City of Kodiak has spent millions of dollars on infrastructure that supports our fishing industry; from doubling the capacity of the public water system to investment in the largest working harbors in the State of Alaska.

If rationalization awards fishing privileges to the initial qualifying generation without making provisions for subsequent generations, it can gentrify a fishery, and impair the vitality and diversity of the community that depends on it.

If rationalization creates fishing privileges that the holder can use to produce income without being actively engaged in the fishery, it can facilitate the migration of both people and capital from fishing communities, and can seriously disadvantage non-owner skippers and crew members.

Much has been said about the need for rationalization systems to take into account the interests of not only harvesters, but also processors. Kodiak, more than many other Alaskan fishing communities, recognizes the important place a healthy processing sector holds in our community as our processing work force is largely composed of year-round residents who are an important part of our culture and our economy.

However, it is also important to note that processor protection is not synonymous with community protection. Processor protection restrains competition, which depresses ex-vessel prices, and thus can adversely affect all those who depend directly or indirectly on the harvesting sector for their livelihoods. Processor protections also raise issues related to those raised by fishing privileges, i.e., processor protections create winners and losers as a matter of fishery policy and management procedure rather than through innovation and efficiency, and they can gentrify the processing sector by creating barriers to new processor entry.

As the Bering Sea crab rationalization program so amply illustrates, processor shares also raise a host of complicated market economic and antitrust issues. We question whether the Federal fishery management system has the resources to adequately comprehend these issues or the capability to successfully address them. We note that Congress responded to the controversy associated with the halibut and sablefish IFQ program by imposing a moratorium on further IFQ programs until the National Academy of the

Sciences had completed a program review and Congress had an opportunity to evaluate the results.

The legislation that mandated implementation of the Bering Sea crab rationalization program includes a prohibition on processor shares in any other fishery. We believe that prohibition should remain in place at least until the Bering Sea crab rationalization program has been fully reviewed and evaluated.

We ask that the Subcommittee take these considerations into account during the Magnuson-Stevens Act reauthorization process. While we believe rationalization has substantial benefits to offer, we also believe rationalization systems should be designed to counteract their negative effects. We encourage the Subcommittee to develop and promote rationalization program standards that preserve opportunities for new entry into rationalized fisheries for fishermen who do not have substantial capital to invest, promote active engagement rather than passive rent collection, and preserve healthy competition among the processors.

We also encourage the Subcommittee to review the community protection measures being considered by fishery management councils for their effectiveness and compliance with National Standard 8. We believe that measures that provide community protection while preserving a reasonable level of competition, such as regional landing restrictions, should be explicitly authorized under National Standard 8. We support regional fishery management councils, created by the Magnuson-Stevens Act as a much better decision-making process for Federal fisheries than centralized Federal agency decisionmaking.

We also believe further discussion of methods under which communities could directly hold and use fishing privileges to mitigate rationalization impacts is warranted. While we are somewhat skeptical regarding the appropriateness of communities being directly engaged in the fishing business, we also understand that community fishing quotas may, under some circumstances, be the best means for mitigating rationalization impacts.

However, we firmly believe that in any community fishing quota allocation or purchase component of a rationalization program, sustaining the participation of communities that have been substantially engaged in and dependent upon a fishery, should have priority over enhancing the participation of communities that have a more attenuated relationship to the fishery.

In closing, I would like to thank the Subcommittee for traveling to Kodiak, and for providing an opportunity for me and others in our community to testify before you. We encourage you to spend a little of your time here exploring our community, which I understand you have done, and hope your trip here is a pleasure as well as informative. Thank you.

Mr. GILCHREST. Thank you very much, Mayor Floyd. And if the fog stays, we'll stay.

Ms. FLOYD. We will—sometimes we arrange that.

[The prepared statement of Ms. Floyd follows:]

Statement of Carolyn Floyd, Mayor, City of Kodiak

Good morning Mr. Chairman and members of the Subcommittee. I am Carolyn Floyd, the Mayor of the City of Kodiak. I appreciate the opportunity to testify before the Subcommittee on Fisheries and Oceans concerning North Pacific federal fishery

management issues affecting the City of Kodiak, understanding that you are considering reauthorization of the Magnuson-Stevens Act.

As an initial matter, I would like to officially welcome you to our city. We are justifiably proud of its character as one of the leading fishery communities in Alaska and the United States.

As background to my comments, I believe it is important for the Subcommittee to appreciate the character of Kodiak's fishing community.

Kodiak has a long heritage of active engagement in every aspect of the fishing industry, from harvesting, processing and marketing through management and research. In Alaska, we are one of the few communities with a large resident workforce that is actively employed in every one of these areas. Kodiak's fishermen are engaged in a wide array of fisheries, from the local jig cod fishery through Bering Sea pollock and crab. Our processors produce a wide array of products for both domestic and foreign markets. We cherish that diversity, and are convinced that it is an essential part of who we are as a community, as well as being essential for our long-term survival.

Also, one of Kodiak's important values, in fisheries as well as many other walks of life, is competition. Our community promotes competition among fishermen, processors, seafood marketers and product developers, as we believe competition leads to innovation that preserves our ability to compete in world seafood markets, and, frankly, because it works.

We appreciate the potential benefits that can flow from fishery rationalization. We understand that rationalization can improve product recovery rates, facilitate production of higher quality and higher value products, improve bycatch management, and reduce pressure on sensitive fish habitat.

However, we are concerned that rationalization can have adverse effects on fishing communities. By its very nature, rationalization restrains competition. Defining the pool of participants that receives fishing privileges creates winners and losers as a consequence of fishery policy choices and management procedures, rather than fishing success. That step alone can fundamentally alter the health and stability of a fishing community.

Rationalization can fundamentally change landing patterns, shifting deliveries from communities close to fishing grounds with higher transportation and utility costs to communities further from the grounds with infrastructure advantages. While this may benefit harvesters and consumers, it can have a serious impact on the community losing processor employment opportunities. The City of Kodiak has spent millions of dollars on infrastructure that supports our fishing industry; from doubling the capacity of the public water system to investment in the largest, working harbors in the State of Alaska.

If rationalization awards fishing privileges to the initial qualifying generation without making provisions for subsequent generations, it can gentrify a fishery, and impair the vitality and diversity of the community that depends on it.

If rationalization creates fishing privileges that the holder can use to produce income without being actively engaged in the fishery, it can facilitate the migration of both people and capital from fishing communities, and can seriously disadvantage non-owner skippers and crewmembers.

Much has been said about the need for rationalization systems to take into account the interests of not only harvesters, but also processors. Kodiak, more than many other Alaskan fishing communities, recognizes the important place a healthy processing sector holds in our community, as our processing work force is largely composed of year round residents who are an important part of our culture and our economy.

However, it is also important to note that processor protection is not synonymous with community protection. Processor protection restrains competition, which depresses ex-vessel prices, and thus can adversely affect all those who depend directly or indirectly on the harvesting sector for their livelihoods. Processor protections also raise issues related to those raised by fishing privileges, i.e., processor protections create winners and losers as a matter of fishery policy and management procedure, rather than through innovation and efficiency, and they can gentrify the processing sector by creating barriers to new processor entry.

As the Bering Sea crab rationalization program so amply illustrates, processor shares also raise a host of complicated market economics and antitrust issues. We question whether the federal fishery management system has the resources to adequately comprehend these issues, or the capability to successfully address them. We note that Congress responded to the controversy associated with the halibut and sablefish IFQ program by imposing a moratorium on further IFQ programs until the National Academy of the Sciences had completed a program review, and Congress had an opportunity to evaluate the results. The legislation that mandated imple-

mentation of the Bering Sea crab rationalization program includes a prohibition on processor shares in any other fishery. We believe that prohibition should remain in place at least until the Bering Sea crab rationalization program has been fully reviewed and evaluated.

We ask that the Subcommittee take these considerations into account during the Magnuson-Stevens Act reauthorization process. While we believe rationalization has substantial benefits to offer, we also believe rationalization systems should be designed to counteract their negative effects. We encourage the Subcommittee to develop and promote rationalization program standards that preserve opportunities for new entry into rationalized fisheries for fishermen who do not have substantial capital to invest, promote active engagement rather than passive rent collection, and preserve healthy competition among processors.

We also encourage the Subcommittee to review the community protection measures being considered by fishery management councils for their effectiveness and compliance with National Standard 8. We believe that measures that provide community protection while preserving a reasonable level of competition, such as regional landing restrictions, should be explicitly authorized under National Standard 8. We support regional fishery management councils, created by the Magnuson-Stevens Act, as a much better decision-making process for federal fisheries, than centralized federal agency decision-making.

We also believe further discussion of methods under which communities could directly hold and use fishing privileges to mitigate rationalization impacts is warranted. While we are somewhat skeptical regarding the appropriateness of communities being directly engaged in the fishing business, we also understand that community fishing quotas may, under some circumstances, be the best means for mitigating rationalization impacts. However, we firmly believe that in any community fishing quota allocation or purchase component of a rationalization program, sustaining the participation of communities that have been substantially engaged in and dependent upon a fishery should have priority over enhancing the participation of communities that have a more attenuated relationship to the fishery.

In closing, I would like to thank the Subcommittee for traveling to Kodiak, and for providing an opportunity for me and others in our community to testify before you. We encourage you to spend a little of your time here exploring our community, and hope your trip here is a pleasure as well as informative. Thank you.

Mr. GILCHREST. Mayor Selby.

**STATEMENT OF JEROME SELBY, MAYOR,
KODIAK ISLAND BOROUGH**

Mr. SELBY. Thank you, Mr. Chairman, and members of the Subcommittee. My name is Jerome Selby. I'm mayor of the Kodiak Island Borough. Again, first, I'd like to thank you folks for coming here to have this hearing. It's really special for us as a community to know that you folks would take and make the effort to come here and actually hear from people on the grounds, if you will. Because we feel like that's really key to understanding and making good decisions, is to really see what's going on first hand. So we really do appreciate you coming here today.

You had asked for us to provide information on fisheries management successes in Alaska and the reauthorization of the Magnuson-Stevens Fisheries Conservation and Management Act.

Fisheries management is a success story in Alaska. And this Act is one of the greatest economic successes in the history of Alaska. Twenty-five years ago most of the bottomfish around Kodiak Island were harvested in Alaska waters by foreign vessels which could be seen fishing just offshore out here. You could actually see them from Cape Chiniak. There was no economic benefit to Alaska or the U.S. From this resource. It was caught offshore and taken away, never touched the U.S. Now, 25 years later, this resource is all caught and processed by American fishermen and represents a substantial part of Alaska's economy.

Fisheries are second only to oil in the Alaskan economy, so that's how important it is to the State of Alaska. And it's even more substantial for us here in Kodiak. About 65 percent of the human consumed fish products in the United States comes from Alaska, so it's also important to the U.S. Economy and food for Americans.

For Kodiak Island, the impact of this Act is even more significant. The seafood industry provides over 60 percent of the Kodiak base industry employment and nearly 70 percent of the base industry payroll. When you add the U.S. Coast Guard, which is primarily here because of the fisheries, these numbers go to over 80 percent, actually more like 85 and almost to 90 percent of our base economy.

Fishing is our economic base. It's very clear when you take a look at Kodiak in total. It provides over 1700 annual jobs, and Kodiak is one of the top three ports of the United States processing an average of 300 million pounds of seafood worth an ex-vessel value of \$90 million a year, and that's between 1997 and the year 2000. Groundfish, which are managed under the Magnuson-Stevens Act, accounted for 70 percent of the volume and 44 percent of the value. So it's a big piece of what we're talking about.

It's obvious that this Act determines the economic health of Kodiak Island more than any other single State of Alaska or Federal law. So it's big for our community. Our schools, businesses, and entire social structure are heavily dependent upon this reauthorization.

The North Pacific Fisheries Management Council does an outstanding job of applying the Magnuson-Stevens Act. Council in our view is an outstanding fisheries management success story in Alaska. The Council has managed the resource in a conservative way that has assured healthy fish stocks while providing a strong sustainable catch for the fishing industry. This has happened as a result of the use of good scientific information, good input from the industry, input from the coastal communities, and good management decisions that were intentionally applied on the conservative side. And by that I mean if a scientific information was sketchy or missing, the Council didn't guess or hope for the best, but reduced the allowable catch to assure healthy sustained fishery would be in place.

The one area that can improve the management of this vital resource of bottomfish in Alaska waters is increased research that provides the needed scientific information to base the management decisions upon. This is critical because improved research allows better management decisions which allows then for the maximal catch for the fishing industry, which is our economic base. So good scientific research and good science results in the fishing industry being able to catch as many fish as possible while still assured that we have a good healthy fish stock.

So that's why science is a critical piece of this whole picture and is probably the most underfunded part of the whole effort. And so that's why we would urge you folks to, in the process of reauthorization, to take a look at beefing up the research side of things which helps the Council then make good decisions and results in more catch for the industry.

One thing that we would ask is that these researchers need to be based in Kodiak where they can interact with the industry which is a valuable source of information for the research as well. So it's very valuable when the scientific effort is here and they can interact. A lot of times, the fishing industry sees things going on out there in the ocean and they bring it back and interact with the researchers; that's critical.

The Kodiak Island Borough has urged cooperative research efforts to be conducted for many years. I personally have urged the Fish & Game Department of Alaska and NOAA personnel to fund and conduct joint complementary research efforts while mayor from 1983 to 1998, and now again beginning in 2004. I have witnessed and been involved in both the research and the council process for many years; both are success stories.

In order to facilitate the cooperative research efforts, the Kodiak Island Borough built the Kodiak Fisheries Research Center over on Near Island, and, hopefully, while you're here, you have a chance to go over and take a look at that facility if you haven't already. It was built in 1997. It's about a \$22-million facility. Space is leased to the National Marine Fisheries Service research staff, the Alaska Department of Fish & Game, and the University of Alaska School of Ocean Fisheries.

This circulating sea water research facility has a sea water research lab shared by these three agencies as well as a dry lab and necropsy area where marine mammals can be examined. This facility working in conjunction with the new research vessel, the OSCAR DYSON, which is home-ported in Kodiak, provides the capacity to coordinate and conduct the very best possible research in the North Pacific. Fisheries and marine mammals both can be studied. But we need more scientists and increased effort to really understand what's going on in the ocean around us.

Kodiak Island Borough is now starting the design to construct another building next to the research facility that will house the Alaska Department of Fish & Game research and management staff. We feel the proximity will foster more cooperation in the research and management between state and Federal fisheries personnel.

Kodiak Island waters are the estuary for 12 species of bottomfish, 4 species of salmon, 3 species of crab, and numerous other marine resources including marine mammals. These are some of the richest waters in the world and an ideal area to conduct research. We need to increase that effort. This is the one change again that I would urge you to include in the reauthorization process.

In terms of the management processes in the North Pacific, they are outstanding and should be encouraged to continue. Regional councils are the strength of the management system. By having the meetings in Anchorage, all of the interest groups in Alaska can participate and be included in the process. This assures that important information is brought forward from the scientists, the State of Alaska, communities, the fishing industry, and the others for the Council to consider.

This process includes everyone and the Council meetings are a convention of all fishing interests in Alaska, if you will. And as a

result, no other process would be as effective and decisions would not be as good. The regional council process assures healthy fish stocks and support from the industry. Without the regional council, there would be little opportunity for industry and local government to participate. We'd be excluded.

If we had to fly to Washington, D.C., very little opportunity for input. Decisions without local input we feel would be unacceptable decisions, and decisions made in that sort of a vacuum would probably not be as good decisions. So please keep the regional council process pretty much intact, and it works well here in Alaska.

The current major issues, this was the final item that you requested a little bit of information in your letter of current issues for the North Pacific region, for us particularly here are the rationalization of the Gulf of Alaska fishery, and I'm going to harp again on the need for increased research.

We have confidence that the council process currently underway will result in a good rationalization program. Kodiak Island Borough is on record with some concerns identified in the attached Resolution, which I've provided, and I'm not going to go into that, but just so that you folks can see that we're actively involved and very thoughtfully involved in how to help structure the rationalization program so that it works for the community, the industry, and for the management side of the fishery as well. So there's been a lot of thought put into what's contained in that resolution.

With regard to research, we would urge you to make provision for increased research efforts in Alaska. With increased research, the council process will only get better and see fisheries management in the North Pacific result in a healthy ecosystem that continues to feed our nation for many years to come. And that's obviously also in our best interest because it means the Kodiak Island Borough will be a robust community with a healthy economy, good school system, and a thriving U.S. Coast Guard Base for many years to come.

Thank you again for the opportunity to testify and for coming to Kodiak.

Mr. GILCHREST. Thank you, Mayor Selby.

[The prepared statement of Mr. Selby follows:]

Statement of Jerome Selby, Mayor, Kodiak Island Borough

Mr. Chairman and members of the Subcommittee, my name is Jerome Selby and I am the Mayor of the Kodiak Island Borough. I am testifying on behalf of the Kodiak Island Borough.

First, I want to thank you for coming to Kodiak to hold this hearing on Fisheries Management successes in Alaska and the Reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act. Fisheries management is a success story in Alaska and this Act is one of the greatest economic successes in the history of Alaska. Twenty-five years ago, most of the bottom fish were harvested in Alaskan waters by foreign vessels which could be seen fishing just offshore. There was no economic benefit to Alaska from this resource. Now this resource is all caught and processed by American fishermen and represents a substantial part of Alaska's economy. Fisheries are second only to oil in the Alaska economy. About 65 percent of the human consumed fish products in the U.S. come from Alaska.

For Kodiak Island, the impact of this Act is even more significant. The seafood industry provides over 60% of Kodiak's base industry employment and nearly 70 percent of base industry payroll. When you add the U.S. Coast Guard, which is primarily here because of the fisheries, these numbers go over 80 percent. Fishing is our economic base. It provides over 1700 annual jobs. Kodiak is one of the top three ports in the U.S., processing an average of 300 million pounds of seafood worth an

ex-vessel value of \$90 million a year between 1997 and 2000. Ground fish, which are managed under the Magnuson-Stevens Act, accounted for 70 percent of the volume and 44 percent of the value. It is obvious that this Act determines the economic health of Kodiak Island more than any other State of Alaska or Federal law. Our schools, businesses, and entire social structure are heavily dependent upon this reauthorization.

The North Pacific Fisheries Management Council does an outstanding job of applying the Magnuson-Stevens Act. The Council is an outstanding fisheries management success story in Alaska. The Council has managed the resource in a conservative way that has assured healthy fish stocks while providing a strong sustainable catch for the fishing industry. This has happened as a result of the use of scientific information, good input from the industry, input from the coastal communities, and good management decisions that were intentionally applied on the conservative side. If scientific information is sketchy or missing, the Council didn't "guess" and "hope for the best" but reduced the allowable catch. The one area that can improve the management of this vital resource of bottom fish in Alaskan waters is increased research that provides the needed scientific information to base the management decisions upon. These researchers need to be based in Kodiak where they can interact with the fishing industry which is a valuable source of information.

The Kodiak Island Borough has urged cooperative research efforts be conducted for many years. I personally have urged the ADF&G and the NOAA personnel to fund and conduct joint and complementary research efforts while mayor from 1983 to 1998 and now again beginning in 2004. I have witnessed and been involved in both the research and the Council process for many years and both are success stories. In order to facilitate the cooperative research effort, the Kodiak Island Borough built the Kodiak Fisheries Research Center in 1997 and leases space to the National Marine Fisheries Service research staff, the Alaska Department of Fish and Game, and the University of Alaska School of Ocean Fisheries. This circulating seawater research facility has a seawater research lab shared by these agencies as well as the dry lab and necropsy areas. This facility, working in conjunction with the new research vessel, the Oscar Dyson, home ported in Kodiak provides the capacity to coordinate and conduct the very best possible research in North Pacific fisheries and marine mammal resources. But we need more scientists and increased effort to really understand what is going on in the ocean around us. The Kodiak Island Borough is now starting the design to construct another building next to the research facility that will house Alaska Department of Fish and Game research and management staff. We feel the proximity will foster more cooperation in research and management between state and federal fisheries personnel. Kodiak Island waters are the estuary for twelve species of bottom fish, four species of salmon, three species of crab, and numerous other marine resources including marine mammals. These are some of the richest waters in the world and an ideal area to conduct research. We need to increase the research effort. This is the one change I would urge you to include in the reauthorization process.

The management processes in the North Pacific are outstanding and should be encouraged to continue. Regional councils are the strength of the management system. By having the meetings in Anchorage, all of the interest groups in Alaska can participate and be included in the process. This assures that important information is brought forward from the scientists, State of Alaska, communities, the fishing industry, and others for the council to consider. This process includes everyone and the Council meetings are a convention of all fishing interests in Alaska. No other process would be as effective and the decisions would not be as good. The regional Council process assures healthy fish stocks and support of the industry. Without the regional council, there would be little opportunity for industry and local government to participate. Decisions without local input would be unacceptable decisions. Decisions made in a vacuum are generally not good decisions. Please keep the regional council process.

The current major issues for the North Pacific Region are the rationalization of the Gulf of Alaska fishery and the need for increased research. We have confidence that the Council process currently underway will result in a good rationalization program. The Kodiak Island Borough is on record with some concerns identified in the attached resolution and we will continue to participate in the process. With regard to the research, we would urge you to make provision for increased research effort in Alaska. With increased research, the council process will only get better and see fisheries management in the North Pacific result in a healthy ecosystem that continues to feed our nation for many years to come. This also means that the Kodiak Island Borough will be a robust community with a healthy economy, a good school system, and a thriving U.S. Coast Guard base for many years to come.

Thank you for the opportunity to testify.

Mr. GILCHREST. Ms. Salveson.

STATEMENT OF SUE SALVESON, ASSISTANT REGIONAL ADMINISTRATOR FOR SUSTAINABLE FISHERIES, NATIONAL MARINE FISHERIES SERVICE

Ms. SALVESON. Thank you, Mr. Chairman. Thank you, Mr. Chairman, for the opportunity again to testify before you on our fishery management program here in Alaska and reauthorization of the Magnuson-Stevens Act. I am Sue Salveson, assistant regional administrator for sustainable fisheries in the Alaska region of the National Marine Fisheries Service.

The waters off Alaska support a variety of fisheries. These fisheries are one of the most important industries in Alaska and provide nearly half of all private sector jobs as well as support gross revenues in processed product value alone that exceed \$1.5 billion annually. The management of these fisheries is undertaken in partnership with the North Pacific Fishery Management Council and other state and Federal management agencies.

The North Pacific Council conducts a transparent public process during the development of fishery management policy by incorporating diverse views into its decisionmaking and ensuring open public debate regarding the best path to follow when making difficult decisions. The North Pacific Council accepts public comment at all meetings on all issues addressed, and its plan teams, advisory panel, and science and statistical committee also receive issue-specific public testimony. An additional level of stakeholder input is provided by the Council's working committees with representation from industry sectors, environmental groups, and other constituents.

We have achieved management successes in Alaska that we can learn from as we move forward with reauthorizing the Magnuson-Stevens Act. I again would like to focus on the following key areas: Ecosystem approaches to fisheries management, market-based management systems, and use of peer-reviewed science as a basis for natural resource management decisions.

The U.S. Ocean Action Plan endorses an ecosystem approach to management. The 1996 amendments to the Magnuson-Stevens Act laid the groundwork for ecosystem approaches to fisheries. The North Pacific management program currently includes extensive restrictions to protect habitat and protected species stocks. Habitat protection will be expanded significantly in the North Pacific once NOAA Fisheries completes the rulemaking process within the next year to implement new closed areas that recently were endorsed by the North Pacific Council to further protect essential fish habitat.

NOAA Fisheries has identified three large marine ecosystems off Alaska: The Arctic, the Bering Sea and Aleutian Islands, and the Gulf of Alaska. But because we still have much to learn, an ecosystem approach must be implemented incrementally. Scientists have developed and currently are testing whole ecosystem models to assess fishing impacts on patterns of energy flow in large marine ecosystems.

Collaborative efforts by our scientists, the North Pacific Council, the State, and other stakeholders to identify the scientific, social, economic, and policy issues associated with an adaptive

incremental approach to ecosystem management will also enhance our ability to manage fisheries.

The U.S. Ocean Action Plan also promotes a partnership under which we will work with regional fishery management councils to promote greater use of market-based systems for fisheries management.

The Alaska Dedicated Access Privilege programs implemented for Alaska groundfish, Pacific halibut, sablefish, and crab fisheries are examples of DAP programs that can be used to develop these approaches nationwide. The direct allocations of groundfish, halibut and crab to the Western Alaska CDQ program has proven very successful in generating revenue for coastal communities and providing for a sustainable fishery-based economy.

The Alaska Crab Rationalization program is the most recent and sophisticated DAP program and includes harvester and processor quota shares, community quotas, and fishing cooperatives. Any national guidelines promoting these programs should provide flexibility to regional fishery management councils and to NMFS to tailor these programs to the specific needs of regional fisheries.

Ongoing success of the North Pacific management programs will continue to rely on the science-based and precautionary policy directions historically embraced by the North Pacific Council. This precautionary strategy is a risk-averse approach for management of North Pacific resources in light of uncertainty or incomplete scientific information.

This responsiveness is reflected in four fundamental components of our decisionmaking process. First, promotion of a strong research program. Second, acceptance of the best available science as a foundation for establishing conservative fishery harvest quotas and for conservation measures to protect listed species. Third, an extensive in-season catch monitoring program, and, fourth, a transparent public process.

As I mentioned to you in Ketchikan, the North Pacific Council's reliance on its scientific and statistical committee is an important consideration in the successful management of North Pacific resources and serves as a good example in how to use science-based decisionmaking to manage our nation's natural resources. The North Pacific groundfish observer program provides an additional source of important information. This program is by far the largest and most expensive in the Nation with costs predominantly borne by the industry. We are studying ways to improve the observer coverage and effectiveness of our fisheries observers in this and other observer programs nationwide.

Mr. Chairman, thank you again for the opportunity to discuss the North Pacific Fishery Management programs as we undertake reauthorization of the Magnuson-Stevens Act.

Mr. GILCHREST. Thank you very much, Ms. Salveson.
[The prepared statement of Ms. Salveson follows:]

Statement of Sue Salveson, Assistant Regional Administrator for Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, U.S. Department of Commerce

Thank you, Mr. Chairman and members of the Committee, for the opportunity to testify before you on our fishery management program here in Alaska and the reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act

(Magnuson-Stevens Act). I am Sue Salveson, Assistant Regional Administrator for Sustainable Fisheries, Alaska Region, National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce. My testimony today will focus on how we work with our partners in Alaska to successfully manage our fisheries and how this experience may serve as a model for managing our nation's fisheries and other ocean resources into the future.

The current process for managing our nation's marine fishery resources has been in place since 1977, when the Fishery Conservation and Management Act of 1976 was first implemented. The Sustainable Fisheries Act of 1996 implemented several new provisions specific to the North Pacific and underscored many of the management measures already in place or under development there. The Fishery Management Council process results in transparent, deliberative decision making based on best available science.

The North Pacific is a highly productive ecosystem with no depleted or overfished groundfish stocks. Our area exemplifies how the management process can accommodate both national and regional interests in responsible stewardship of marine resources. Our success is driven by the North Pacific Fishery Management Council's tenet to adhere to the underlying science provided by NMFS, the State of Alaska, universities, and other independent scientists. Our success is also due in part to relatively focused interjurisdictional issues involving only a single state (Alaska), which reduces complexity in the decision-making process.

Background on Alaskan Fisheries

With over 47,000 miles of coastline and 336,000 square miles of fishable continental shelf area, the waters off Alaska support a variety of fisheries. Fisheries are one of the most important industries in Alaska and provide nearly half of all private-sector jobs. Over 10,000 people are involved in groundfish fishing and processing alone; thousands more work in salmon, crab, scallop, halibut, and other fisheries. Vessels range from skiffs used for halibut fishing with hook-and-line or jig gear, to 600-foot motherships and 400-foot catcher processors involved in the midwater trawl fishing for pollock.

The Magnuson-Stevens Act authorizes federal management of fisheries in the Exclusive Economic Zone (EEZ). Off Alaska, this management is undertaken in partnership with the North Pacific Fishery Management Council and other state and federal management agencies. The North Pacific Council has developed five fishery management plans to manage the groundfish (Bering Sea and Aleutian Islands; Gulf of Alaska), crab, scallop and salmon fisheries off Alaska. Much of the management of the crab, scallop, and salmon fisheries is deferred to the State of Alaska with federal oversight, including the authority to set and enforce harvest limits to avoid overfished stocks. Development and implementation of allocation programs or dedicated access privilege programs are retained as a federal function in partnership with the North Pacific Council. The Council also develops allocation programs for the Pacific halibut fishery in partnership with NMFS and the International Pacific Halibut Commission.

The primary target groundfish species off Alaska are pollock, Pacific cod, flatfish, Atka mackerel, sablefish, and rockfish. In the Bering Sea and Aleutian Islands, the maximum annual removals limit has been capped at 2 million metric tons, or 4.4 billion pounds, since 1984. This cap is an example of the North Pacific's precautionary approach to management. Although this cap could be set higher—given the existing groundfish abundance of over 3 million metric tons—the annual harvest limits are capped at this lower level to account for species interactions within the ecosystem and to provide a buffer for scientific uncertainty in setting catch quota levels.

Fishery management decisions originate with recommendations provided by the North Pacific Fishery Management Council. The Council's 11 voting members represent state and federal fisheries agencies, industry, fishing communities, and four nonvoting members represent the U.S. Coast Guard, U.S. Fish and Wildlife Service, U.S. Department of State, and the Pacific States Marine Fisheries Commission. The Council receives advice at each meeting from a 20-member Advisory Panel, representing user groups, environmentalists, recreational fishermen, and consumer groups. A 15-member Scientific and Statistical Committee composed of highly respected scientists reviews all information and analyses and provides advice to the Council.

The North Pacific Council conducts a transparent public process by incorporating diverse views into its decision making, and ensuring open public debate regarding the best paths to follow when making difficult decisions. The North Pacific Council accepts public comment at all meetings on all issues addressed, and the Plan

Teams, Advisory Panel, and Scientific and Statistical Committee also receive issue-specific public testimony. In addition, the Council appoints working committees with representation from industry sectors, environmental organizations, and other constituents to provide recommendations on specific issues. These committees often rely on management expertise and scientific input from NMFS and other management agency staff and scientists. This committee process is critical to the Council's development of fishery management measures and provides an additional level of stakeholder input on all decisions.

NMFS maintains effective partnerships with the North Pacific Council, Alaska Department of Fish and Game, International Pacific Halibut Commission, Pacific States Marine Fisheries Commission, U.S. Fish and Wildlife Service, and U.S. Coast Guard. These partnerships help us ensure that management decisions are based on sound science and can be effectively monitored and enforced.

NMFS is considering a wide range of potential amendments to the Magnuson-Stevens Act, and plans to prepare a formal package of Amendments. We have learned many things from our experiences here in Alaska that can help us achieve similar management successes in other areas of the country as we move forward with reauthorizing the Magnuson-Stevens Act. I would like to focus on a few key areas today—ecosystem approaches to fisheries management; market-based management systems (specifically, dedicated access privilege (DAP) programs); and use of the best available scientific information.

Ecosystem Approaches to Fisheries Management

The U.S. Ocean Action Plan endorses an ecosystem approach to management. The plan states that "the Administration will continue to work toward an ecosystem-based approach in making decisions relating to water, land, and resource management in ways that do not erode local and State authorities and are flexible to address local conditions." The 1996 amendments to the Magnuson-Stevens Act—particularly the provisions relating to bycatch and essential fish habitat—laid the groundwork for Ecosystem Approaches to Fisheries (EAF). NOAA has identified three large marine ecosystems off Alaska: the Arctic, the Bering Sea and Aleutian Islands, and the Gulf of Alaska. The North Pacific Fishery Management Council is advancing fishery management to address principles of EAF, which focus on ecosystem considerations in fishery management decisions as well as in the broad context of entire ecosystems and the relative role of all activities occurring within them.

Because not all necessary scientific information is ever available, an ecosystem approach must be implemented incrementally. Our approach in the North Pacific includes single species management and exploitation models used to establish target and nontarget species harvest quotas that conserve the stocks. For example, quotas currently are managed through an extensive in-season catch monitoring program that documents total catch relative to established quotas; when quotas are reached, fisheries are closed. But scientists have developed and currently are testing whole ecosystem models to assess fishing impacts on patterns of energy flow in large marine ecosystems. These models provide descriptions of the food web and may be useful in evaluating ecosystem-level harvest limits.

The North Pacific management program includes gear and season-specific closures totaling approximately 150,000 nm² to protect habitat and protected species stocks. These areas have been closed to fishing to minimize fishery interactions with Steller sea lions, reduce impacts on sensitive habitat important to crab, or to eliminate fishing gear impacts in areas with deep-water coral concentrations. The North Pacific Council, in consultation with NMFS scientists and managers, closed certain areas to the pollock, Pacific cod, and Atka mackerel fisheries to minimize impacts on Steller sea lions; refinements to Steller sea lion protection measures are ongoing. A comprehensive seabird bycatch reduction program has been implemented that includes education, outreach, and mandatory seabird avoidance measures.

Bycatch controls always have been a facet of the fishery management plans for the Alaska fisheries. They originally focused on fully utilized species taken incidentally in the groundfish fisheries, such as halibut, salmon, crab, and herring. However, the Council is now expanding its focus to address management of non-target species taken incidentally in the groundfish fisheries (e.g., sculpins and other species taken in fisheries but not retained for sale). Since the mid-1990s, measures to address overall discard amounts and increase utilization of catch in the groundfish fisheries resulted in a dramatic reduction in discard rates, from 17 percent in 1993 to less than 7 percent by 2002.

Habitat protection will be expanded significantly when NMFS completes the rule-making process within the next year to implement extensive new closed areas in the Aleutian Islands and Gulf of Alaska recently endorsed by the Council to protect

Essential Fish Habitat (EFH). The Council's EFH action is noteworthy for several reasons.

- The scale is unprecedented. The new EFH measures include nearly 300,000 square nautical miles of areas closed to bottom trawling, some of which will be closed to other bottom-tending mobile gear and fixed gear.
- The Council adopted these new closures as a precaution. The best available information indicates that fishing in Alaska has no more than minimal adverse effects on EFH, but NMFS' analysis noted considerable scientific uncertainty. The Council chose to protect relatively undisturbed habitats to guard against potential problems for sustainable fisheries in the future.
- These closures have broad support from both the fishing industry and environmental groups, demonstrating again that compromise and consensus can be achieved through the Council process.
- The Council adopted a site-specific approach for identifying Habitat Areas of Particular Concern (HAPCs) within EFH. Our experience in Alaska suggests that HAPCs are a useful tool for prioritizing especially valuable and/or vulnerable portions of EFH for conservation and management.

Although progress has been made toward an integrated ecosystem approach to management in the North Pacific, much work remains to fully understand biological, climate, and habitat interactions. New studies are required to move forward with ecosystem approaches. NMFS scientists are poised to pursue research that would provide new information to better enable managers to integrate ecosystem approaches to fishery management. This work will focus on developing spatially explicit resource assessment models for predicting recruitment, abundance, and species interactions by region and by season. These expanded programs will help us evaluate resource responses to harvest at local scales, assess the impact of fishing on the foraging success of seabirds and marine mammals, and improve the information upon which management decisions are based. Efforts to identify the scientific, social, economic, and policy issues associated with an adaptive, incremental approach to ecosystem management will also greatly enhance our ability to manage fisheries.

Pilot programs may help assess information needs for EAF and the associated costs. The North Pacific Fishery Management Council is considering a pilot program in the Aleutian Islands area that would test the use of a Fishery Ecosystem Plan to inform Council decision making under the existing fishery management plans. NMFS, the Council, and the State of Alaska are also discussing the possibility of an ecosystem council or other form of regional collaboration to integrate considerations from various ocean uses (e.g., fisheries, marine transportation, and oil and gas development).

Market-Based Management Systems

The U.S. Ocean Action Plan also promotes a partnership under which we will "work with regional fishery management councils to promote greater use of market-based systems for fisheries management." The DAP programs can mitigate overfishing and overcapacity, as well as contribute to the economic well-being of the marine fishery sector. The Alaska programs—specifically those developed for Alaskan groundfish, Pacific halibut, sablefish, and crab fisheries—are examples of DAP programs that can be used to develop these approaches nationwide.

NOAA has committed to develop, in consultation with the regional fishery management councils and interested parties, national standards and guidelines for the implementation of individual fishing quota (IFQ) programs. These guidelines will draw on the 1999 congressionally mandated report by the National Research Council, *Sharing the Fish: Toward a National Policy on Individual Fishing Quotas*, as well as the ongoing discussions on standards and requirements for DAPs.

In partnership with the North Pacific Council, we implemented the IFQ program for Pacific halibut and sablefish in 1995. Recently, we provided coastal communities the opportunity to purchase quota share or IFQ to enhance fishery-based revenues generated by local residents. Fishing cooperatives have successfully rationalized the Bering Sea pollock fishery under the American Fisheries Act. We are in the midst of implementing a sophisticated Alaska crab rationalization program that includes harvester and processor quota shares, community quotas, and fishing cooperatives. The North Pacific Council is considering a Gulf of Alaska groundfish rationalization plan that would also include a number of distinct DAP programs. The direct allocations of groundfish and crab to the Western Alaska Community Development Program has proven very successful in generating revenue for western Alaska coastal communities and providing for a sustainable fishery-based economy.

During the past several years, we have worked closely with the U.S. General Accountability Office in its studies of various IFQ-related issues. This collaboration, as

well as experience here in Alaska and elsewhere, has helped us refine our views on how to develop and administer these programs. Any national guidelines promoting DAP programs should provide flexibility to regional fishery management councils and to NMFS to tailor these programs to the specific needs of the regional fisheries. While the Alaskan programs have been successful, and provide important lessons for the rest of the nation, they may not be applicable to specific regional, social, economic, and fishery conditions in other parts of the country. These programs must balance the program's complexity and cost with its overall objectives. Existing Magnuson-Stevens Act authority for cost-recovery programs can result in insufficient revenue for sustained management and enforcement of complex DAP programs. We are considering ways to ensure that sufficient revenue is available to manage the DAP programs appropriately.

Best Available Scientific Information and Other Data

The U.S. Ocean Action Plan also commits NOAA to "establish guidelines and procedures for the development and application of scientific advice for fisheries management decisions." The Administration supports the use of independent peer-reviewed science in resource management decisions. We are considering several Magnuson-Stevens Act amendment proposals relating to the collection and use of best available scientific information. Scientific information and advice is integral to the resource management decisions undertaken by NMFS in partnership with the regional fishery management councils.

Ongoing success of the North Pacific management programs will continue to rely on the science-based and precautionary policy directions historically embraced by the North Pacific Fishery Management Council. This responsiveness is reflected in four fundamental components of our decision making process:

1. Promotion of a strong research program;
2. Acceptance of the best available science as a foundation for establishing conservative fishery harvest quotas and for conservation measures necessary to protect listed species or their critical habitat under the Endangered Species Act;
3. An extensive in-season catch monitoring program that relies on timely observer data, accurate catch weight measurements for at-sea and shoreside processors, and an electronic catch reporting system that ensures we will not exceed established quotas; and
4. A transparent public process.

NMFS also is working to improve our marine resource survey capability and our capacity to develop stock assessments. In 2001, the National Task Force for Improving Fish Stock Assessments, composed of senior stock assessment scientists from each NMFS science center, issued the Marine Fisheries Stock Assessment Improvement Plan. This report continues to serve as NMFS' principal roadmap for enhancing and modernizing programs for data collection, data management, stock assessments, and supporting scientific research. The stock assessments on which annual quotas for North Pacific groundfish, crab, and halibut are based rely on extensive stock assessment surveys and sophisticated stock assessment models used by NMFS, the State of Alaska, academia, and International Halibut Commission scientists.

Observers deployed on-board fishing or processing vessels and at shoreside processing facilities are an additional source of important information. For NMFS and the public to have confidence in this information, it must be of high quality and free from bias. The North Pacific groundfish observer program is the largest in the nation with over 36,000 observer days per year. Costs of observer deployment for the North Pacific fisheries are borne by the industry and currently total about \$13 million annually; an additional \$3 million in federal funding is required each year to support the costs of administering the observer program and the data collected by observers. Although coverage is extensive, we are studying ways to improve the coverage and effectiveness of our on-board and shoreside fisheries observers in this and other observer programs.

We are considering proposals that would give the regional management councils and NMFS broader authority to collect social and economic data, including cost and revenue data. Collecting this information from shoreside fish processors, under appropriate confidentiality standards, would allow us to conduct more meaningful social and economic analyses of the potential impacts of fishery regulations. This information will enable NMFS and the regional fishery management councils to conduct better regulatory assessments, in particular those concerning the impacts of proposed measures on fishing communities, small business enterprises, and processors. This information also will allow NMFS and the councils to assess the effects of programs that have been implemented and determine whether refinements or ad-

justments should be made to address unintended impacts on various sectors or constituencies. The North Pacific Fishery Management Council used this approach to develop an economic data collection program for Bering Sea/Aleutian Island crab harvesters and processors as part of its comprehensive rationalization program for this fishery. Implementation of this program required special legislation.

To properly incorporate the best available science into our management process, the Councils need to rely on our Scientific and Statistical Committees (SSC) to review all biological and socioeconomic information used in decision making. We believe the structure and breadth of expertise on the North Pacific Fishery Management Council's SSC allows science-based decision making to govern the management of our nation's natural resources. NMFS will continue to play a key role in providing the best possible scientific information, and supports the use of peer-reviewed science in resource management decisions.

Enforcement Issues

At-sea and shoreside catch monitoring programs are in place to ensure that fishery restrictions are honored. These programs include timely reporting of total catch by species, and vessel monitoring system (VMS) requirements in some fisheries to monitor closed or restricted areas. VMS is an excellent enforcement tool because it provides remote monitoring of vessel positions in relation to regulatory areas and maritime boundary lines. We rely on the complementary enforcement efforts of NOAA, state enforcement agencies, and the U.S. Coast Guard, both in the fishing grounds and dockside.

We are considering a number of amendments to the Magnuson-Stevens Act to enhance the effectiveness of fisheries law enforcement. In Alaska, tools such as broader application of VMS and cooperative state-federal enforcement programs are used to achieve enforcement, management, and safety objectives. Incorporating existing technology and leveraging strong enforcement partnerships are becoming more and more important to mitigate the greater number of resources needed to enforce new fisheries regulations.

Conclusion

Mr. Chairman, thank you for the opportunity to discuss the North Pacific fishery management programs as we undertake reauthorization of the Magnuson-Stevens Act. Alaska is fortunate to have large areas of relatively pristine habitat that support bountiful and sustainable fish harvests. That said, management of the North Pacific has benefited from adherence to the best available science in developing prudent and precautionary approaches to the management of marine resources. Our emerging focus on ecosystem approaches to fisheries management and dedicated access privilege programs will rely on research and sound science to support increasingly complex conservation and management programs. In addition, we want to continue our work with all stakeholder groups to achieve a collaborative consensus-building forum. Such partnerships will become increasingly important as new interests, perspectives, and knowledge are incorporated into an ecosystem approach to management.

Mr. GILCHREST. Ms. Madsen.

STATEMENT OF STEPHANIE MADSEN, CHAIR, NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

Ms. MADSEN. Good morning, Mr. Chairman. Welcome to the Emerald Island.

Mr. GILCHREST. Thank you.

Ms. MADSEN. And I have to say that it's—I'm glad to be back. It holds a special place in my heart. Both my husband and both my children were born here, and it's good to come back and see old friends. So it's a special spot, and I'm sure you've picked that up.

For the record, Mr. Chairman, my name is Stephanie Madsen, and I'm the Chair of the North Pacific Fishery Management Council. I had the pleasure to address you in Ketchikan, and we talked mostly in Ketchikan about the process that we use. Today I'd like to talk a little bit about the programs that we've been using, and

then also address your request for lessons learned in the North Pacific in a more specific way.

The Council's basic precautionary approach to management that we discussed in Ketchikan cuts across all FMPs, the fishery management plans, and geographic regions under our jurisdiction. The comprehensive goals and objectives that I spoke to in our programmatic SEIS pertain both to the Bering Sea Aleutian Islands and the Gulf of Alaska FMPs. But while these basic tenets apply to all the areas that we manage, there are some regional differences and specific regional challenges that are currently being addressed by the Council.

The Bering Sea fisheries, which you'll hear more about this morning can be characterized as more industrial in nature than in the Gulf of Alaska and are dominated in volume and value by the enormous pollock resource. While the pollock fishery is operating under a fully rationalized system established by the American Fisheries Act and the Council, the other groundfish fisheries are in need of further rationalization programs.

The Council is also addressing bycatch and discards issues in the Bering Sea by imposing minimum groundfish retention standards in conjunction with an initiative in developing a program of fishery cooperatives for the non-AFA catcher-processors that we expect to and hope to approve later this year.

The Council will also be considering further measures with regard to essential fish habitat in areas of particular concern in the Bering Sea in addition to the measures that we've recently approved for the Gulf of Alaska and Aleutian Islands areas. In the Gulf of Alaska groundfish fisheries could be characterized as more numerous smaller vessels, lower overall resource abundance, direct ties to greater number of coastal communities than in the Bering Sea, and a greater number of user groups and constituents which you are going to hear from this morning.

The most significant program currently under development by the Council as you have heard, Mr. Chairman, and one of the most challenging is focused on a comprehensive rationalization of the Gulf of Alaska groundfish fisheries, which would apply primarily to the central and western Gulf fisheries. Recognizing the operational economic benefits of the Bering Sea rationalization programs and coupled with the logistical challenges that we have that are posed by the numerous Steller sea lion restrictive measures in the Gulf of Alaska, the Council is attempting to develop some type of quota-based cooperative style program for the Gulf fisheries.

Working closely with the State of Alaska and the State Board of Fisheries, this is an ambitious program with numerous competing constituencies and overlapping jurisdictions with regard to state waters inside three miles. In my written testimony we have time lines that I'm not going to repeat on the record because I hope that we can stay with them.

Mr. Chairman, you are going to hear, I think, this morning and as you tour Alaska and experience first hand the challenges that the North Pacific Council faces when trying to balance the need to protect the resource, the need to address the consolidation that is currently happening without a rationalization program, and how we address the constituencies of the coastal communities, of the

skippers and crew, processors, harvesters, providing for entry-level fisheries so that we can look forward in years ahead and make sure that we have a vision of what we would like those fisheries to look like in 10, 15 years.

Those are all challenges, Mr. Chairman, that you are going to hear this morning, that the Council has to face on a regular basis. And as with your job, it's not easy. We listen and we hope and rely heavily on our transparent public process for people to come forward with creative ideas. And I think that's why the North Pacific sometimes is in the seats of controversy because we have pushed the envelope and looked at creative ways to address our differences.

I think also, Mr. Chairman, in your tours around Alaska you are going to see that even within our region we need a maximum flexibility to design programs that are specific to those fisheries, to those dependent communities and to the different participants that exist in the different fisheries. So even within our region, we need maximum flexibility, and I think you'll hear that nationwide.

Mr. Chairman, I would move on to some of the lessons that we've learned. But before, I'm going to repeat something that you've heard me say and I believe that our overall management program illustrates that the current Magnuson-Stevens Act contains the necessary tools for successful, sustainable fisheries management. Strengthening the existing tools, or imposing requirements to use those tools may be necessary in the reauthorization process, but it does not appear from our perspective that significant new requirements are necessary at this time.

In my written comments, there is much more detail, Mr. Chairman. I see my red light is on, but just to highlight some of the lessons that we have—would like to pass along.

Ecosystem approach to management. We believe that extreme caution should be exercised with regard to specific statutory requirements for a fishery ecosystem plans. Until we have some experience with voluntary pilot projects regarding fishery ecosystem plans and some experience with collaborative efforts on the broader ecosystem approach to management front, the North Pacific as you have heard over and over has long embraced this approach and is working hard to more explicitly incorporate that approach into our management programs.

Improving science and management. We believe that the integration of science and management works very well in the North Pacific, and we are very concerned that changes could be imposed on that process in order to address other regional problems. IFQs or other DAP programs, I think you'll hear a lot about that. I think the message from the North Pacific is that we need all the tools in the toolbox to address the uniqueness and the differences in our fisheries and regions.

Reconciling statutes. We believe that our development of fishery management programs and the review and approval process is overly complicated. It takes way too long, as you might hear today, and often it's not user-friendly to the public or to the fishing industry. This is primarily due to a number of often redundant and overlapping statutory requirements.

It is our partnerships and our close working relationship with NOAA and the Science Center that has been crucial to our ability to successfully implement our core management measures.

Mr. Chairman, I'd like to close there and thank you again for the opportunity to comment on these issues. Again, I'll remind you that we stand ready to help you in further shaping any amendments that you see that are important to the Act and respond to those changes when they are finalized. Thank you, Mr. Chairman.

Mr. GILCHREST. Thank you very much, Ms. Madsen.

[The prepared statement of Ms. Madsen follows:]

**Statement of Stephanie Madsen, Chair,
North Pacific Fishery Management Council**

Good morning. My name is Stephanie Madsen, and I am the Chair of the North Pacific Fishery Management Council based in Anchorage, Alaska. Thank you for the opportunity to offer comments to the Subcommittee on fisheries management successes in Alaska and reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act. We believe we have a very successful model in the North Pacific, and we believe that the basic tools for successful and sustainable management exist within the current Magnuson-Stevens Act. However, we recognize that a number of changes are being contemplated and we hope that our input, and our examples, will be informative to development of appropriate amendments to that Act.

Fisheries Management in the North Pacific

The successful management program for Alaska's offshore fisheries has been developed by the North Pacific Council, through its partnership with NOAA Fisheries and close working relationship with other state and federal agencies, including the Alaska Department of Fish and Game (ADF&G), the International Pacific Halibut Commission, the Pacific States Marine Fisheries Commission, and the United States Coast Guard.

The North Pacific Fishery Management primarily manages groundfish in the Gulf of Alaska, Bering Sea, and Aleutian Islands. Groundfish include cod, pollock, flatfish, Atka mackerel, sablefish, and rockfish species harvested by trawl, longline, jig, and pot gear. The Council also makes allocation decisions for halibut, in concert with the International Pacific Halibut Commission which manages biological aspects of the resource for U.S.-Canada waters. Other large Alaska fisheries such as salmon, crab, scallops and herring are managed jointly with the State of Alaska.

The Council has eleven voting members representing state and federal fisheries agencies, and fishery participants. Six are from Alaska, three are from Washington, one from Oregon, and one representative from NOAA Fisheries. The Council's four non-voting members represent the U.S. Coast Guard, U.S. Fish and Wildlife Service, Department of State, and the Pacific States Marine Fisheries Commission. The Council receives advice at each meeting from a 20 member Advisory Panel (representing commercial fishing and processing industry sectors, environmentalists, recreational fishermen, and consumer groups), and from a 15 member Scientific and Statistical Committee (SSC) of highly respected scientists who review all information and analyses considered by the Council.

Decisions must conform with the Magnuson-Stevens Act, the National Environmental Policy Act, Endangered Species Act, Marine Mammal Protection Act, Regulatory Flexibility Act, and other applicable law including several executive orders. Regulatory changes may take a year or longer to develop, analyze, and implement, particularly if complex or contentious. All Council decisions are forwarded as recommendations to the Secretary of Commerce, for review and approval.

One of the keys to successful fishery management is incorporating diverse views into decision making through a transparent public process. Council meetings are open, and public testimony—both written and oral—is taken on each and every issue prior to deliberations and final decisions. Public comments are also taken at all Advisory Panel and Scientific and Statistical Committee meetings.

Importance of Alaska Fisheries

Fisheries are one of the most important industries in Alaska, culturally and economically, providing nearly half of all private sector jobs, and second only to the oil industry in providing revenue to the state. Over 10,000 people are involved in groundfish fishing and processing alone; thousands more work in the salmon, crab, scallop, and other fisheries. In addition, thousands of people work in other fisheries

and fishing support industries, such as sport fishing guides, gear and fuel suppliers, restaurants, hotels, airlines, and others. With over 47,000 miles of coastline, and 336,000 square miles of fishable continental shelf area, the waters off Alaska support a variety of fisheries. Approximately 1,400 vessels participate in the groundfish and crab fisheries directly managed by the Council, ranging from small 20 foot skiffs fishing for near-shore halibut, to a 200+ foot catcher/processors prosecuting midwater pollock fisheries in the open waters of the Bering Sea. The majority of the fleet, however, consists of mid-size vessels, anywhere from 40 to 150 feet in length. These vessels are engaged in longline fisheries for halibut, sablefish, and cod; trawl fisheries for cod, pollock, and flatfish species; and pot fisheries for cod and crab. Recreational fisheries for halibut and salmon are an important part of the fisheries off Alaska.

These fisheries are worth nearly \$1 billion ex-vessel annually (amount paid to fishermen at delivery, prior to value-added processing). The groundfish fisheries account for a majority of the overall value, but the halibut, salmon, and shellfish (crab) fisheries also contribute substantially. Additionally, the Council's community development quota (CDQ) program allocates from 7.5% to 10% of all groundfish and crab quotas to six CDQ groups consisting of 66 western Alaska coastal communities. Through partnerships with other industry groups, and through direct involvement in fisheries and development of fisheries related infrastructures, this program allows these remote coastal communities to continue and enhance their participation in Alaska fisheries.

Major Turning Points in Alaska Fisheries

Passage of the Magnuson-Stevens Act in 1976 marked a new era in U.S. fisheries management. Foreign fisheries in the EEZ off Alaska were rapidly phased out through joint-ventures, with the fisheries fully prosecuted by domestic fisheries ("Americanized") by 1990. Management efforts in the early 1990's focused on limiting effort of the burgeoning domestic groundfish fleet. By 1992, the fleet had grown to over 2,200 vessels, including about 110 trawl catcher processors (factory trawlers). The symptoms of overcapacity intensified; the "race for fish" resulted in shorter fishing seasons and allocation disputes among various fishing and processing interests.

To address the overcapacity problem, the Council, working together with the NOAA Fisheries Alaska Regional office, aggressively pursued capacity limitations in all managed fisheries. An Individual Fishing Quota program for halibut and sablefish fisheries was adopted in 1992, and fully implemented in 1995. A moratorium on new vessel entry for groundfish and crab fisheries was implemented in 1996, with a more restrictive license limitation program in place by 2000. In 1998, the American Fisheries Act was passed by Congress and implemented by the Council and NOAA Fisheries the following year. The Act limited access to the Bering Sea pollock fisheries only to qualifying vessels and processors, eliminated a number of large catcher processor vessels from the fleet, and established a system of fishery cooperatives that allows for individual catch and bycatch accountability. Lower bycatch and significantly higher product recovery rates have resulted under the pollock cooperative system. In 1999, the Council adopted a very restrictive limited entry program for the scallop fishery. In 2003, the Council completed its work on an individual fishing and processing quota system for the Bering Sea crab fisheries (crab rationalization), consistent with Congressional legislation. Current Council initiatives include development of further rationalization programs for Bering Sea non-pollock groundfish fisheries, and development of some form of rationalization program for Gulf of Alaska groundfish fisheries.

Measures implemented in the 1990's also were designed to limit impacts on target and bycatch species, marine mammals and seabirds, and habitat, and provide opportunities for disadvantaged coastal communities along the Bering Sea. A comprehensive domestic groundfish observer program, funded by participating vessels, was instituted in 1990 to provide the basis for controlling catch within allowable levels and monitoring removals of both target and bycatch species. Closure areas and bycatch limits were established for chinook and chum salmon taken in Bering Sea trawl fisheries. Additional year-round trawl closure areas were established to reduce bycatch and protect habitat for Bering Sea crab stocks. To reduce bycatch and discards of Alaska groundfish, mandatory retention of all pollock and cod was required beginning in 1998. Retention requirements are soon to be implemented for Bering Sea flatfish fisheries, and further reductions in bycatch and discard amounts (currently about 7%) are expected.

In 1990, Steller sea lions were listed as threatened under the Endangered Species Act, and numerous measures were implemented over the following decade to minimize potential interactions with fisheries and potential competition for prey. These

measures included incidental take limits, 3 nm no entry buffer zones, 10 nm no trawl zones around rookeries, 20 nm no pollock fishing zones, seasonal and spatial dispersal of pollock and mackerel fisheries, and a prohibition on the harvest of forage fish. In 2001, a comprehensive suite of protection measures was implemented through Council recommendation which closed over 58,000 square miles of ocean to fishing for certain species, or in some cases to all fishing activities, to reduce fish removals and fishing activities in Steller sea lion critical habitat areas throughout the Gulf of Alaska, Bering Sea, and Aleutian Islands.

What Makes Alaska Different?

Management of fisheries off Alaska is, by all accounts, a success story of biological and economic sustainability. The foundation for success has been the long-standing, precautionary approach embraced in the North Pacific, supported by an underpinning of sound science and a reliance on that science, and by a fishing industry supporting a priority toward long-term sustainability. Strict catch quotas for all managed species, coupled with an effective monitoring program, represent the forefront of the conservative management approach in the North Pacific. Since 1976, groundfish harvests have been maintained in the range of 3 to 5 billion pounds annually, and no groundfish stocks are overfished. Vast areas of the Bering Sea and Gulf of Alaska are closed to trawling, or in some cases to all fishing, to protect habitat, minimize bycatch, or minimize interactions with protected species such as Steller sea lions.

The Council's precautionary management approach is to apply judicious and responsible fisheries management practices, based on sound scientific research and analysis, proactively rather than reactively, to ensure the sustainability of fishery resources and associated ecosystems for the benefit of future, as well as current generations. The basic tenets of this approach include public participation, reliance on scientific research and advice, conservative catch quotas, comprehensive monitoring and enforcement, limits on bycatch of non-target species, marine protected areas, measures to protect marine mammals and seabirds, and other measures.

Strict annual catch limits for every groundfish fishery are the foundation of the sustainable fisheries management approach in the North Pacific. A rigorous process in place for almost 30 years ensures that annual quotas are set at conservative, sustainable levels. Beginning with scientific data from regular groundfish abundance surveys, stock assessment scientists recommend acceptable biological catch (ABC) levels for each species. These are reviewed by the Council's Groundfish Plan Teams, then further reviewed by the Council's Scientific and Statistical Committee, prior to the Council's setting of the Total Allowable Catch (TAC), which is always set at or below the ABC, and far below the designated overfishing level.

As an additional precautionary measure, the Bering Sea and Aleutian Islands quotas, for all groundfish combined, are capped at a maximum of 2 million metric tons (mt) annually, regardless of the maximum recommended ABC levels. For example, ABCs for the past several years have ranged from 3 to 4 million mt, yet TACs were reduced to stay within the 2 million mt cap. The Gulf of Alaska has a similar overall TAC cap. Catch of all species, whether targeted or taken as bycatch, whether retained or discarded, count toward the annual catch limits, and fisheries are closed when these limits are reached. This is one of the fundamental aspects of responsible management in the North Pacific groundfish fisheries.

These catch quotas are closely monitored to ensure accurate accounting on a real-time basis. At the core of the monitoring system is a comprehensive, industry-funded, on-board observer program, coupled with requirements for total weight measurement of most fish harvested. Except for small vessels less than 60 feet, all vessels fishing for groundfish in federal waters are required to carry observers, at their own expense, for at least a portion of their fishing time. The largest vessels, those over 125 feet, are generally required to carry observers 100% of the time, with multiple observers required on catcher/processors and in certain fisheries. Scales to weigh catch are also required on many of the larger vessels. Most shoreside processing plants are also required to have observers at all times, and to weigh all fish landed at each processing location. Observers estimate total catch weight, catch composition, and discards, and collect biological information critical to stock assessment. In excess of 36,000 observer days, by over 500 observers, are logged in these fisheries each year. In the North Pacific's largest fishery, for walleye pollock, nearly 85% of the total catch is measured and sampled by observers, with 99% of the catcher/processor (factory trawler) harvest sampled by observers. Used in conjunction with reporting and weighing requirements, the information collected by observers provides the foundation for in-season management and for tracking species-specific catch and bycatch amounts.

The Council and NOAA Fisheries are currently developing amendments to the fishery management plans that are designed to better ensure ongoing collection and quality observer data. These amendments will examine alternative funding mechanisms (for example, a fee-based program instead of direct payment by vessels required to carry observers), and alternative service delivery models, all designed to allow fisheries managers to more effectively determine specific observer deployments by fishery and by vessel. Technological innovations, such as digital (video) observer applications, are also being evaluated by the Council and NOAA to potentially supplement onboard observers.

Enforcement of fishery regulations is accomplished by complementary efforts of NOAA and State enforcement agencies, and the U.S. Coast Guard, both on the grounds and dockside. As part of their patrol activities, the Coast Guard enforces a complex array of domestic regulations and international treaties, including enforcement of the maritime boundary and high seas driftnet violations. The Coast Guard also maintains its priority mission of search and rescue, a critical mission in all U.S. waters, particular in the volatile Bering Sea. NOAA Enforcement also conducts patrols and investigations throughout coastal Alaska to enforce fisheries regulations and total catch limits.

The North Pacific region also enjoys one of the strongest science support structures of any region. The Alaska Fisheries Science Center conducts annual stock assessments in the North Pacific, and provides the information upon which annual catch quotas are set. The comprehensive North Pacific groundfish observer program also is managed through the Science Center, and biological and economic analyses of proposed actions often involve Science Center personnel. The Alaska Department of Fish and Game also administers an observer program for the crab fisheries, and provides stock assessment information and in-season management for the crab fisheries, as well as the scallop fisheries and some rockfish species.

Notwithstanding this success, the Council and NOAA Fisheries continue to develop new and innovative approaches to address issues such as bycatch, protecting habitat, overcapacity, and further development of ecosystem-oriented management approaches. In 2004 the Council and NOAA Fisheries completed a comprehensive assessment of its overall management programs through approval of a programmatic supplemental environmental impact statement (PSEIS). This process included adoption of revised goals and objectives for the groundfish FMPs, which further strengthen the precautionary, ecosystem-based approach to management.

Progress Towards Ecosystem-Based Management

The North Pacific Fishery Management Council has a long track record of making precautionary fishery management decisions, and has continued developing its ecosystem-based approach. The approach is built upon four goals: 1) maintain biodiversity consistent with natural evolutionary and ecological processes, including dynamic change and variability; 2) maintain and restore habitats essential for fish and prey; 3) maintain system sustainability and sustainable yields for human consumption and non-extractive uses; and 4) maintain the concept that humans are part of the ecosystem.

The existing Alaska Groundfish FMPs contain many components of fishery ecosystem plans, or an ecosystem approach to management. Specific measures have been taken to minimize potential impacts to marine mammals, seabirds, and other components of the Alaska marine ecosystem. Major measures include limits on total removals from the system, a prohibition on directed fishing for forage fish species, seabird deterrent devices to minimize incidental bycatch of seabirds, a variety of measures to protect Steller sea lions from disturbance and potential competition with prey, and quasi marine reserves to conserve benthic biodiversity. However, recent recommendations from the U.S. Commission on Ocean Policy, and NOAA's own internal initiatives, underscore the need to even more explicitly incorporate ecosystem considerations in management of all U.S. fisheries.

In February 2005, the Council took significant action to identify and conserve essential fish habitat (EFH) from potential adverse effects of fishing. A 2,500+ page scientific analysis was prepared to evaluate the total impacts of fishing on EFH, and evaluate alternatives to describe and conserve EFH from fishing impacts. Although the analysis concluded that fisheries do have long term effects on habitat, these impacts were considered minimal and would not have detrimental effects on fish populations or their habitats. Nevertheless, continuing with its long history of precautionary, ecosystem-based management policy, the Council adopted several new and significant measures to conserve EFH. Specifically, to protect deep-water corals, the Council took action to prohibit all bottom trawling in the Aleutian Islands, except in small discrete "open" areas. Over 95% of the Aleutian Islands management area will be closed to bottom trawling (277,100 nm²) and about 4% (12,423 nm²)

will remain open. Additional bottom trawl closures were created in the Gulf of Alaska. Further, on the Alaska seamounts, and in areas with especially high density coral and sponge habitat, the Council voted to close these areas to all bottom contact fishing gear (longlines, pots, trawls, etc.). As a result, these areas will essentially be considered "marine reserves". While pelagic fishing would be allowed in these areas, none is anticipated, so resource extraction will be nil in the areas.

The North Pacific Council, through its newly constituted Ecosystem Committee, is actively pursuing additional avenues to further and more explicitly implement an ecosystem approach to management, both at a fisheries-specific level (EAF), and at a broader level addressing non-fishing considerations (EAM). Given the unique environment and management context of the Aleutian Islands ecosystem, the Council is planning to use this area as a test case for development of a separate Fishery Ecosystem Plan (FEP), and for development of an Ecosystem-Approach to Management (EAM) using a regional ecosystem council model (or other coordinating body) to discuss and exchange information on fishery and non-fishery activities. The Aleutian Islands FEP is in the developmental stages and we anticipate a draft later this year. Details of the FEP, including possible designation of an Aleutian Island Plan Team, are still being developed at this time. Council staff is also involved with a NOAA internal working group to draft national guidelines for implementing the ecosystem approach to fisheries. The Councils support the development of such guidelines, as a guiding strategic document for the FMPs, rather than explicit statutory requirements at this time. The Council is also in discussions with other State and Federal agencies regarding the larger ecosystem coordination issues, and is planning to hold a workshop with the State of Alaska and NOAA Fisheries later this year to determine how best to coordinate the broader ecosystem approach.

How is Science Integrated?

The Council has an active Scientific and Statistical Committee (SSC) that reviews all analytical documents prepared for each management change. The SSC consists of biologists, economists, and social scientists from academia and federal and state agencies. The SSC meets five times per year, concurrent with and at the same location as the Council meetings. In addition to providing comments to analysts, the SSC makes recommendations to the Council on the adequacy of analytical documents relative to the best available scientific information, including biological, economic, and social impact analyses. The SSC also reviews development of models and other analytical approaches for understanding impacts of fishery measures. Further, the SSC provides recommendations on priority areas for research.

The scientific review process used by the Council is multi-tiered and robust. For example, stock assessments and acceptable biological catch limits undergo a thorough internal review by the Alaska Fisheries Science Center. Each year, a couple of these assessment models are further reviewed by the Center for Independent Experts. Once completed by NOAA Fisheries scientists, the assessments are scientifically reviewed by the Plan Teams, consisting of federal, state, and university scientists. The SSC has final scientific review authority for the assessments. The Council then approves the Stock Assessment and Fishery Evaluation Report for public distribution, and adopts the SSC's recommendations for Acceptable Biological Catch limits (ABCs). Total Allowable Catch levels (TACs) are then established by the Council with the SSC recommended ABCs as an upper bound. Because this process has worked so successfully, we have not made any additional changes to the existing scientific review process.

The Council also coordinates with the recently formed North Pacific Research Board (NPRB) and other governmental and academic research organizations to identify priority areas for funding of proposed research activities. Through direct membership and participation on the NPRB, and through annual reviews of funded research, the Council maintains a close working relationship with the scientific research community and is regularly apprised of pertinent scientific information.

Regional Issues and Challenges

The Council's basic precautionary approach to management cuts across all FMPs and geographic regions under our jurisdiction. The comprehensive goals and objectives (recently revised in the PSEIS process) pertain to both the Bering Sea/Aleutian Islands and the Gulf of Alaska FMPs. While these basic tenants apply to all areas we manage, there are some regional differences and specific regional challenges that are currently being addressed by the Council.

The Bering Sea fisheries can be characterized as more industrial in nature than fisheries in the Gulf of Alaska, and are dominated in volume and value by the enormous pollock resource. While the pollock fishery is operating under a fully rationalized system established by the American Fisheries Act and the Council, other

groundfish fisheries are in need of further rationalization programs, beyond the basic limited entry programs currently in place. Cod fisheries are a significant resource for a number of user groups and the Council is in the process of re-evaluating the current allocations among gear types, and considering even more discrete allocations to more narrowly defined user (gear) groups. The Council is addressing by-catch and discard issues by imposing minimum groundfish retention standards, and in conjunction with that initiative is developing a program of fishery cooperatives for the non-AFA catcher processors (the head and gut or H&G fleet) which we expect to approve later this year. The Council will also be considering further measures with regard to essential fish habitat and habitat areas of particular concern in the Bering Sea, in addition to the measures recently approved for the Gulf of Alaska and Aleutian Islands areas.

Gulf of Alaska groundfish fisheries are characterized by more numerous, smaller vessels, lower overall resource abundance, direct ties to a greater number of coastal communities, and a greater number of user groups/constituencies (gear groups, coastal communities, sport fisheries, etc). Fisheries in the Southeast area of Alaska are primarily fixed gear (longlining for halibut and sablefish, or salmon troll fisheries), and state water salmon fisheries. This area, along with areas in the Central Gulf of Alaska, also has an important recreational fishery component, primarily for salmon and halibut. Management of the guided sport fishery for halibut (charter boat fishery) is under Council jurisdiction and we have approved both a guideline harvest level (GHL) program for that fishery, and a charter boat IFQ program which, if approved by the Secretary, would incorporate this fishery into the existing IFQ program for halibut. Halibut is also critical to subsistence users and the Council and NOAA have approved and implemented regulations recognizing and protecting subsistence use of the halibut resource.

The most significant program currently under development by the Council, and one of the most challenging, is focused on a comprehensive rationalization of the Gulf of Alaska groundfish fisheries, which would apply primarily to Central and Western Gulf fisheries. Recognizing the operational and economic benefits of Bering Sea rationalization programs, and coupled with the logistical challenges posed by the numerous Steller sea lion restrictive measures in the Gulf of Alaska, the Council is attempting to develop some type of quota-based, cooperative style program for Gulf fisheries. Working closely with the State of Alaska and the State Board of Fisheries, this is an ambitious program with numerous competing constituencies and overlapping jurisdictions with regard to state waters inside three miles. Completion of the environmental impact statement (EIS) required for this program will not occur until sometime in 2006, with actual implementation not likely until at least 2008.

Lessons for Reauthorization

The subcommittee has expressed interest in what lessons can be learned from the management approach in the North Pacific, and how those lessons might inform reauthorization of the Magnuson-Stevens Act. In summary, I believe our overall management program illustrates that the current Magnuson-Stevens Act contains the necessary tools for successful, sustainable fisheries management. Strengthening the existing tools, or imposing requirements to use the existing tools, may be necessary in the reauthorization process but it does not appear that significant new requirements are necessary at this time. Below I provide a brief summary related to some of the primary reauthorization issues.

Ecosystem approach to management: Regarding ecosystem approaches to fisheries management, we believe that we have long been using an ecosystem approach to fisheries management, as are many of the other regional Councils, but that a more explicit recognition and application of this approach may be warranted. We believe that development of national guidelines is appropriate, which would then be used as strategic guidance (rather than as regulatory requirements) for implementation of specific regulatory programs through the existing FMPs. We believe that extreme caution should be exercised with regard to specific statutory requirements for fishery ecosystem plans, until we have some experience with voluntary, pilot projects regarding fishery ecosystem plans, and some experience with collaborative efforts on the broader EAM front. The North Pacific has long embraced this approach and is working hard to more explicitly incorporate that approach in our management programs.

Improving science in management: Regarding the integration of science and management, we believe that the North Pacific model clearly illustrates (1) the importance of closely linking science and management; (2) the ability of the existing SSC structure and process to provide the nexus between science and management by the regional Councils; and, (3) the flaw in the argument to somehow separate science

and management (allocation) decisions. We believe that the integration of science in management works very well in the North Pacific, and we are very concerned that changes could be imposed on that process, in order to address other regional problems. We also believe that any potential new requirements for "independent peer review" of data and analyses needs to be considered carefully, given the additional cost and time implications and given the ability of the current SSC process (or similar existing processes) to provide quality, objective peer review of the majority of information used by the Council and NOAA Fisheries.

IFQs or other DAP programs: Regarding individual quota programs, or other dedicated access privileges (DAP) such as fishery cooperatives, we believe that multiple programs currently operational in the North Pacific (or pending such as Bering Sea crab) illustrate the benefits of "rationalized" fisheries. We also believe that these programs reflect the differences among fisheries and regions, and underscore the need for maximum flexibility in designing these programs. In the halibut and sablefish IFQ program, in place since 1995, the Council included numerous provisions in the program design, such as restrictions on transfers across vessel categories and restrictive share caps, in order to maintain the important social and community fabric of those fisheries. The pollock fishery cooperative system, and to some degree the crab IFQ/IPQ program, are designed to reflect the more industrial nature of those fisheries, though in the case of the crab IFQ/IPQ program there are still, for example, regional delivery provisions which were designed to protect existing community involvement in those fisheries. Programs currently under development, such as the Gulf of Alaska rationalization program, will require a different set of provisions to address the specific regional, social, economic, and fishery conditions.

Reconciling statutes: The development of fishery management programs, and the review and approval process, is overly complicated, takes way too long, and often is not user-friendly to the public and to the fishing industry. This is primarily due to the number of often redundant and overlapping statutory requirements, including the National Environmental Policy Act (NEPA), the Regulatory Flexibility Act, the National Marine Sanctuary Act, the Endangered Species Act, the Marine Mammal Protection Act, the Magnuson-Stevens Act, and numerous additional Acts and Executive Orders. In the North Pacific, our close working relationship with NOAA Fisheries Alaska Region and Science Center has been crucial to our ability to successfully implement our core management measures, as well as many innovative, cutting-edge management programs. And that close coordination has allowed us to do so, for the most part, while still addressing the myriad statutes and executive orders that apply to fisheries management actions. However, while the Councils and NOAA Fisheries have made substantial progress over the past few years in terms of "streamlining" this regulatory process, and reducing litigation, we strongly believe that there needs to be some Congressional action to clarify and reconcile the competing statutes. Our ability to design, analyze, and implement complicated DAP programs in particular is hindered by the redundant applications of several statutes.

Particularly, the application of NEPA to fishery plan and regulation development, and to some degree the Regulatory Flexibility Act, are impeding our ability to develop realistic, practical management solutions in a timely manner. For example, specific provisions could be made to the Magnuson-Stevens Act which would capture the underlying intent of basic NEPA provisions, and reinstate the Magnuson-Stevens Act as the primary Act governing fisheries management, with the necessary environmental and conservation protections built directly into the Act. Specific recommendations in this regard have been developed by the eight regional councils and include requirements for considering a range of alternatives, requirements for cumulative impact assessment, and additional requirements for public review and input.

Mr. Chairman, there are a number of other issues we could discuss today, but I believe that I have covered the basic management approach used in the North Pacific, and covered the primary issues we see in the upcoming Magnuson-Stevens Act reauthorization. I thank you again for the opportunity to comment on these issues, and further apprise you of our management approach and specific issues here in the North Pacific. We stand ready to help in any way we can as you are further shaping important changes to the Act, and to respond to those changes when they are finalized.

Mr. GILCREST. I think we'll start with one of the common themes that I've heard from our four witnesses this morning is the rationalization program. And when we develop the reauthorization of Magnuson in Washington, we want to be cognizant of all the various aspects of whether it's a harvester or a processor or skippers,

crews, new entries into the program. But like you said, Ms. Madsen, we want to provide the flexibility for the councils to deal with all of these issues. We in Washington create a standard that will provide, to the degree it is possible, fairness, economic viability, and conservation.

And I guess the general question I have, and I would like each of you to respond to it if you would like, is can you create a rationalization program that includes harvesters, processors, skippers, crews, entry-level, all of those things and not gentrify the fishery, as Mayor Floyd described?

I don't know if we need come up with a term gentry, who's the gentry out there, but we're looking at the big ships, the little ships, the crews, the skippers, entry-level, second generation who wants to become involved in this 10 years from now, 20 years from now. It is a public resource. Can we do this without gentrifying the fishery?

Ms. MADSEN. Mr. Chairman, I guess I'll start. I certainly hope we can. And I think that we've learned from—we get better every time we look at a process, that we learn from our mistakes. I think that every program that we have moved forward with since halibut IFQ to IFQ programs has included a periodic review requirement, an increased collection of data, both social and economic, a clear requirement on our Council's behalf of stating a clear problem and goals and objectives for that program that can be used during the periodic review of that program.

And if we don't get it right the first time, I hope that future council members will look back and look at those objectives and make a determination whether they need to amend that program to address some of the deficiencies in meeting those goals and objectives.

It is a balancing act, and I think that we struggle with it. As you know, Mr. Chairman, our crab plan did provide provisions for both harvesters, processors, increased to the community development quota. We have a skipper set-aside in that program that we hope would be available to crew members on the transfer of that initial allocation. We have regional landing requirements that we hope would to some extent provide some protection to those landing requirements and the way that those landing requirements are distributed amongst Alaska coastal communities.

Did we get it exactly right? I'm not sure. Did we set up a situation where we can go back and look at that? Yes. I think we're very clear. We've already established a time line for looking at those reviews. Could we have done it better, possibly. And I think that as we move forward and we learn from our mistakes and people put their thinking caps on, I think we will.

Mr. GILCHREST. Thank you very much.

I think maybe the question should have been should we move forward with rationalization programs, but I don't mean to—

Ms. FLOYD. You keep looking at me.

Mr. GILCHREST. You used the word gentry, so I thought that was—

Ms. FLOYD. Yeah, right, you liked that. I do think that it can happen, but I think it's going to take time and study and research and stopping periodically to see how we have accomplished our

goals so far. But it's not going to happen overnight. But I think it can happen with adequate study and time to do our homework.

Mr. GILCHREST. Ms. Salvesson, could you—now, you spoke about the rationalization program, which I don't want to put—this is a paraphrase of what I understood you said. Seems to be a vehicle to ensure the sustainability of the fishery in its management regime. So I guess, do you see any other system now that would be preferable to rationalization? Given the evolution of this process, the rationalization process, do you think we're moving in the right direction with that?

Ms. SALVESON. Mr. Chairman, yes, I do. I think the experience that we've gained through the different rationalization programs here in Alaska have had benefits in terms of conservation, managing the fisheries, and safety. And I also believe that in order to do a hindsight, 20/20 assessment of these programs, we need to collect the right information.

And right now, we are limited in the information that we can collect in terms of socioeconomic information primarily from processors. And the Administration is considering proposed amendments to the Magnuson Act that would authorize the collection of this information so that we do have the tools to go back and assess the effects of these programs that can create some very significant social and cultural changes. And to collect that information in a way that maintains the confidentiality of it.

I think also in considering all the different interests and concerns going into rationalization programs and to accommodate those concerns, potentially creates complexity to these programs. And I think the crab rationalization program is an example. It was an attempt to balance all these different inputs and concerns and interests in the fisheries with the results that was the best attempt to do that. We will see in the future how well we were able to do that because under statute, we have been given the authority to collect that socio-economic information from the harvesters and processor sector and set ourselves up to refine those programs as we see fit.

Mr. GILCHREST. Thank you.

Mayor Selby.

Mr. SELBY. Thank you, Mr. Chairman. As you have astutely figured out, this rationalization business is pretty tricky about how to make this happen so that it works well for everybody who is involved. But the question you're asking, strikes right at the heart of a couple of the issues that we raise in the resolution that I referenced.

The first one being that we requested that whatever happens with the rationalization program that it result and maintain an independent harvester fleet. We want these fishermen to be independent, not owned by somebody else. And if the quota shares all end up being owned 20 years from now by a bunch of New York attorneys, that's a tragedy. Not only for this community, but, you know, for us as a country to allow that to happen, it should not happen.

We understand that there's going to be some reduction of excess capacity because that's partly what rationalization is about. And that's going to happen. But we suggested that they institute

reasonable quota share ownership caps which would control excessive consolidation of quota shares. So that's one of the things that can be done, to do that.

We also suggested that access rights should be structured to encourage that ownership of the rights remain within the communities. And now that's the trickiest part, about how do you do that.

But consideration by the Council right now of some different options, and folks have talked about different things like required owner on board would be one way of assuring that the fisherman who owns the share is a fisherman, not an attorney off someplace else. So we feel that there are ways to assure that fishermen continue to own these quota shares. And that's what is most desirable here. To have it owned by outside interests someplace else, is not a good result, we don't feel, for either the fishery, and certainly not for our communities.

So we've suggested these things in the Resolution that we've sent forward and asked the Council to consider. And they are considering that, that's why, you know, we feel that if the process works well here, which we're confident it will, that you can accomplish a way of accomplishing this.

And the other thing we have in here is to put it in conjunction with some community fishing quotas and some community purchase programs that will allow particularly our villages here on the Island because we've got six other communities besides Kodiak here on Kodiak Island. A lot of those tend to be fairly heavily Native communities. And what we'd like to assure is that there is access, which is then a third item that we have in our Resolution, is to establish entry-level fishing opportunity so that somehow some of this quota keeps coming back and is available for new fishermen, new entries into the fishery from the local area.

And so what we're asking exactly goes to heart of what you've asked about here, is how do you keep from gentrifying this, to use Mayor Floyd's word, and leave it so that fishermen are the ones who own this quota and are fishing and catching these fish. That's the model that's going to give us the best fishery in our view, particularly from an economic impact for the community basis. But we also feel it's going to work well also in terms of the management side, for the National Marine Fisheries Service folks for managing this fishery working with North Pacific Council.

So that's the kind of structure exactly that we've asked to somehow figure how it's going to—it's hard work because figuring out how to do this and with all the legal ramifications and, yeah, you can't require somebody to live in Kodiak if they have quota share. We know that. Now, that's unconstitutional. So, you know, to figure out how to send this thing in the direction where it's favorable for local fishermen to own this share is going to take a lot of work, but we feel that it's going to be worth the effort, and would certainly hope that that's where this effort goes.

Mr. GILCHREST. Thank you very much, Mayor Selby.

Ms. MADSEN. Mr. Chairman, can I add one other comment on that.

Mr. GILCHREST. Yes, Ms. Madsen, yes.

Ms. MADSEN. Your last question about whether we should move forward with rationalization, and I think some of the comments

that you may hear over time is some of the—we didn't choose to move forward with rationalization because we didn't have anything to do. There was consolidation occurring. There were people that were going bankrupt. We were concerned about safety. The Steller sea lion restrictions were prohibiting or burdening the industry with different management regimes they weren't able to adapt to.

Some of the things that people are concerned about today, consolidation, a loss of jobs, are occurring today without rationalization. And the challenge is how can we address those concerns in a way, kind of a controlled rationalization versus an uncontrolled rationalization? Because there's an uncontrolled rationalization, Mr. Chairman, that is occurring today.

With no controls on consolidation, it goes to the highest buyer or who is going to buy who out and what people that are going to go bankrupt and those vessels are going to come back pennies on the dollar. Rationalization is occurring today without any governmental interference, and I think people are concerned about how that looks and maybe we could do a better job if we sat down and put some constraints on some of the things that are occurring and how do we best do that.

Mr. GILCHREST. Very good, thank you.

I'm going to shift gears just a little bit to a more scientific question. In the Sustainable Fisheries Act of 1996, there was a provision dealing with essential fish habitat. And so I would like to hear your perspective on how that has been—how have you been able to manage with that concept, essential fish habit, in your areas of expertise. And there's another provision that's being considered now along with essential fish habitat called habitat areas particularly concerned, and, Ms. Salvesson, you mentioned that in your testimony.

I guess the question is how do you amend the Magnuson-Stevens Act by including habitat areas of particular concern and how can that be compatible with essential fish habitat with a management regime?

Ms. SALVESON. Mr. Chairman, I'll take a stab at that. I think, first off, habitat areas of particular concern are a subset of essential fish habitat. So they are not separate, but they are actually complementary. And HAPCs are identified based on areas being especially vulnerable or of special ecological significance. And they're typically off Alaska in some fairly small areas. And the process that was engaged in most recently within the Council forum I think was fairly successful in that it engendered a great deal of stakeholder input. And we encouraged and actually solicited separate outside peer reviews of both the EFH analysis and designation as well as HAPCs.

So I think it is very important to have widespread and early opportunity for stakeholder input, and I think at this point in time, I am not aware with respect to the existing EFH construct of any significant problem with respect to EFH consultations, that any Federal action that occurs within the EFH area is subject to, if a Federal action potentially could have an adverse effect on essential fish habitat.

That process has gone fairly well. It has not required any delay in permitting processes. And it provides an opportunity for Federal

agencies to consider our recommendations on how to mitigate any potential effects on essential fish habitat for fisheries that are federally managed in Federal waters.

So, Mr. Chairman, I think the EFH process is going well right now. I think integrating the HAPC concept in the Magnuson Act as an option and to provide guidance on how to identify special areas of ecological importance or vulnerability is helpful.

Mr. GILCHREST. So we should, as we reauthorize the Act, we should specifically mention habitat area of particular concern? That's something that's necessary in the Act and it can't be done through the regulatory process of NMFS.

Ms. SALVESON. Mr. Chairman, I think it can be done through the regulatory process because the North Pacific Council has done that. I believe that the Administration may be considering proposals to the Magnuson Act that might highlight that as an option.

Mr. GILCHREST. I see.

Ms. SALVESON. To other councils.

Mr. GILCHREST. OK.

Ms. SALVESON. But at this point in time, Mr. Chairman, the North Pacific Council has done that and we have implemented those sorts of provisions so far.

Mr. GILCHREST. All right. Thank you. I don't know if Joe wanted to comment on that question or not, essential fish habitat.

(Mr. Sullivan declines comment).

Mr. GILCHREST. Another question too, I think all of you have mentioned this whole concept of ecosystem approach to fisheries and how difficult and how layered the complexity is and that sounds like much of what you are doing is moving in that direction. But, Ms. Salveson, you mentioned a pilot project possibly in the Aleutian Islands for an ecosystem approach. And also included in that ecosystem approach in the Aleutians, marine transportation, oil and gas development, and so on. Could you tell us where that pilot project is right now. Is it likely to move ahead? And do you need any help from us on that?

Ms. SALVESON. Mr. Chairman, I would like to defer to Ms. Madsen given that she is the chairman of that group who's actually developing that concept.

Mr. GILCHREST. Ms. Madsen.

Ms. MADSEN. Mr. Chairman. And it is under development. I mean, I don't want to people to think that we've decided we're moving forward but—and I think we're adding new acronyms.

Mr. GILCHREST. I'm just getting used to the old acronyms.

Ms. MADSEN. I know. The first one that you talked about, an ecosystem approach to fisheries management, and we call that EAF. And that's the concept that you've identified that was in our written comments that we're looking at. And that's relative to fishery ecosystem plans. That would be fishery-specific, and what does that mean, and how would we move forward. And we have chosen the Aleutian Island because it's a smaller, unique area to look at how would that fishery ecosystem plan work, what would it entail.

We generally, Mr. Chairman, see the fishery ecosystem plan as a broad strategic guidance document that our fishery management plans would continue to stay under. The regulatory aspect would still stay in the FMPs, but the fishery ecosystem plan would be

some goals and objectives that would require when you're doing your management actions to consider marine mammals, seabirds, a habitat. It's more of a strategic guidance document is the way that we have been looking at it in North Pacific.

And we have generally gotten the impression from the Agency that they're interested in fishery ecosystem plans. We do know that in other councils, they talk about having fishery ecosystem plans, but it's a little unclear what we're all talking about when we talk about that.

Your reference to marine transportation is what we now are calling EAM, ecosystem approach to management, which is broader than ecosystem approach to fisheries because we do believe that—and it goes to some of the recommendations on a regional ecosystem council concept. You know, is there a need for increased communication and coordination among authorities, agencies that have authority over the oceans?

For example, we are looking at the Aleutian Islands again as a subset for kind of a model pilot project, but specifically in the Aleutian Islands, you have huge fisheries out there. We have great important critical habitats out there. We have an international shipping lane that goes through there. We have military activities out there. So we believe that—we have the marine refuge out there that the Department of Interior manages. Are we all talking? Are we coordinating? Do we understand what impacts our different agency actions have on one another. Could we do a better job at making sure that we're not duplicating, we're not causing concern or problems in overlapping authorities. But we're also very concerned and cautious about moving forward with a duplication or another layer of your bureaucracy, and how does that affect their goal.

Mr. GILCHREST. Hence you would be, you have some interest if we put into the reauthorization some mention of an ecosystem approach, it would be—you're moving forward with an ecosystem approach, so you don't want any statutes that would disrupt that.

Ms. MADSEN. Well, Mr. Chairman, we are concerned about any statutory direction at this time because we are not actually positive about what everyone means. We believe that we are doing ecosystem approach to fisheries management in Alaska. We are concerned that until some of our science catches up with where we want to go, statutory requirements are going to hinder our ability to continue to move forward, potentially because if there is not accurate or correct statutory authority, we could find ourselves being litigated. If there are time lines in the Act that we are unable to comply with due to our science or our process, then I think we are concerned that we are setting ourselves up for another round of litigation. And as I mentioned in Ketchikan, we are finally seeing the light at the end of the tunnel in the North Pacific on some of our litigation and court cases here.

Mr. GILCHREST. Thank you very much.

Any other comment or point one would like to make?

I had just one last quick question, something you said, Ms. Salvesson, I didn't quite—let me see if I can—whole ecosystem models that assess fishing impacts on patterns of energy flow in the marine ecosystem. Could you just explain what that means.

Ms. SALVESON. Mr. Chairman, I'll try to give a brief overview, and then I can provide you more in-depth information after these hearings. But the attempt is to assess one component of ecosystem influence and that's the harvest of fish by the fisheries, and ideally other uses and harvests by other users as well. And what is the effect of that harvest on the flow of energy in an ecosystem in terms of predator-prey relationships, competition, fisheries for prey for other species, or discharge of fisheries products into the ocean.

So it's an attempt to look at the human element of removing fisheries by species, species-specific harvests, from the ecosystem relative to other uses, that species by marine mammals, birds, and the overall food web perspective of the give and take within the ecosystem from that influence of removals by human beings. And I'm not being very articulate or scientific or—

Mr. GILCHREST. Sounds fascinating. You're more articulate than I could have been.

Ms. SALVESON. But we can certainly get back to you with some more in-depth perspective on what we mean by the modeling initiative.

Mr. GILCHREST. So that's in some—that would be one aspect of the potential pilot project in the Aleutians, I would guess.

Ms. SALVESON. Mr. Chairman, I believe so to the extent that we're able to feed into that. And again this pilot project in the Aleutian Islands is intended to be just that. What information is out there, what information can we garner, put into that process in a timely manner, what research, additional research, would be needed to make it a more complete information. And certainly a lot of stakeholder input as well in identifying the social, the economic issues.

Mr. GILCHREST. Thank you very much.

Yes, sir. Mayor Selby.

Mr. SELBY. Mr. Chairman, if I could just refer briefly back to your earlier question, a couple of the issues that you just touched on with some of your questions, I would point out once again that more research would help with both essential fish habitat and this pilot program. So I wanted to point that out.

But the other thing I would encourage you folks to do in the re-authorization is I don't think you need to get a lot more specific on some of these areas that you've asked about, but I think if you would encourage cooperative effort both for research as well as some of these management things where Ms. Madsen indicated there was overlapping jurisdictions and whatnot, because one of the things that we've learned over the years is that originally that word never showed up and so there was a question about whether legally a National Marine Fisheries Service person could work cooperatively with someone from the Department of Interior or with the State of Alaska.

Now, we've moved past that, but I think that if the Act makes it clear that that's not only encouraged but kind of expected that folks will make those sorts of efforts, that that would help move us ahead here so that the cooperation continues to grow and mature because it is happening and I'm really pleased to report that I see a lot more of it now than I did 20 years ago, but I think it can get much better. And so if you folks would just encourage that, I think

that would go a long way toward helping get this thing moving ahead.

Mr. GILCREST. Excellent point, Mayor Selby, and we'll make that one of our priorities. The question about more research and more funding for science is one that we've taken very seriously in Washington. We all know that the budget is very tight up there, and we don't want to keep using that as an excuse because we really need to prioritize how to spend the taxpayers' dollars.

We will be creating, we hope that this can move in that direction, within the next few weeks, a task force within the House of Representatives whose sole responsibility will be ocean issues. And as part of that, we'll look into Ocean Commission Report and the President's Ocean Action Plan, and within about a year make specific recommendations that are now in the Ocean Commission Report and the Ocean Action Plan by the President.

But the Administration and certainly the House and the Senate is looking I think much better in the last year or two at the importance of the world's oceans. And that the only way the U.S. Will come up with a premier policy is to take a close look at it and certainly make much more money available for research.

Well, thank you very much, Ms. Madsen, Ms. Salveson, Mayor Selby, Mayor Floyd, and our friend Joe, for your testimony.

Ms. MADSEN. Thank you.

Mr. GILCREST. Thank you very much.

Our second panel will be Mr. Dave Benton, Executive Director Marine Conservation Alliance; Ms. Julie Bonney, Director, Alaska Groundfish Data Bank; Mr. Jay Stinson, Alaska Druggers Association; Mr. Duncan Fields, Gulf of Alaska Coastal Communities Coalition; and, Ms. Dorothy Childers, Alaska Marine Conservation Council.

(Off record).

(On record).

Mr. GILCREST. We will hear from Mr. Dave Benton, Ms. Julie Bonney, Mr. Jay Stinson, Mr. Duncan Fields, and Ms. Dorothy Childers. Thank you for coming and we look forward to your testimony, and we also want to thank you for the effort that I'm sure you went through to write your testimony.

Mr. Benton, you may begin, sir.

**STATEMENT OF DAVID BENTON, EXECUTIVE DIRECTOR,
MARINE CONSERVATION ALLIANCE**

Mr. BENTON. Thank you, Mr. Chairman. For the record, my name is David Benton. I'm the executive director of the Marine Conservation Alliance. The Marine Conservation Alliance is a coalition of harvesters, processors, coastal communities, and support industry companies involved in the groundfish and shellfish fisheries off of Alaska. Collectively, we probably represent about 80 percent of the production from those fisheries off of Alaska.

Mr. Chairman, I want to pick up on some themes that I heard from your opening remarks and the questions you were asking the previous panel in my oral comments. You have our written comments that can go into the record.

First, I want to touch on just briefly as others have, and I think you have become aware of by coming up here, about the importance

of fisheries to Alaska. Fisheries account for about 35,000 jobs in our state. Groundfish alone is worth about \$1.5 billion in 2003, and overall fisheries are worth about \$4 billion to the national economy from Alaska, fisheries from Alaska.

Mr. Chairman, in your opening remarks, I heard some very encouraging words and something that Alaskans I believe find perhaps reassuring and certainly very important. And that is that you in your opening remarks stated that you thought that the councils generally were doing pretty well and were poised to evolve and do even better as we move into the next century and look at new ways to manage our fisheries and our ocean resources to meet new challenges. And that was very encouraging.

And I know that you come from the East Coast and have had the opportunity to learn about some of the challenges that are facing other parts of the country, and that's why it's important to us that you've come to Alaska. It's a long way. It's not an easy trip. And I know you and other members on this committee have a lot to do, and the thoughtfulness of taking the time to come to Alaska is greatly appreciated by the residents of Kodiak and by folks throughout the state.

The second thing I want to touch on briefly is ecosystems. And I know that you were personally very interested in how ecosystem considerations can be further taken into consideration in fisheries management. And then I'd like to touch on research funding and the role of science in management.

So I'm going to start off, Mr. Chairman, with the councils. As you've heard here from the previous panel and I think as you've heard from conversations around Kodiak here and in Ketchikan, the council process in Alaska has in our view been very successful. And it is a fundamental component to fisheries management for Alaska that we have decisionmaking close to home, where people that are affected by those decisions have the opportunity to be present to affect those decisions and to see how those decisions are made. And as you know there've been in the past calls for either dismantling the council process all together or greatly diluting its ability to do that job. So it's very encouraging to hear the remarks that you made in your opening statement.

The Council here in our state is very diverse in its composition and very unified in its approach. That doesn't mean that everybody agrees on every particular issue. And there are some real knock-down, drag-outs, especially on allocation issues. But the overall approach that our council has had has been very consistent for a long period of time, and that's the reason you don't see any overfished groundfish stocks in Alaska. And that is a very simple, fundamental thing. You have scientists that tell you how many fish you can catch on a sustainable basis for a long period of time to have sustainable fisheries and healthy coastal communities. And the Council just doesn't vote to raise the catch levels above that amount that's recommended by our scientists.

Our organization believes that that simple change, simple in concept, simple in wording, and fundamental as a principle. If that simple change was made in the Magnuson Act, that the kinds of problems that you see in other parts of the country would be, if not solved, certainly addressed in a very substantial way.

You and I had a chance to talk yesterday a bit about the role of science in management. And the way that it's done in this region is that the science process, if you envision a pyramid with the fundamental sort of foundation of that science process being the stock assessment that's done out in the field, the plan team process where the scientists get together amongst themselves and review that, analyze it in an open public arena. And then an SSC that advise—meets with the council concurrently and advises that council in again a very open process. That gives confidence in the science with folks that participate in the fisheries. And that breeds a culture that then allows for conservation to come first and allows our council to do the job that they've done so very well over the last 25 some odd years.

Mr. Chairman, I see that red light. I'm going to forego the rest of my comments and—

Mr. GILCHREST. I'll give you another 60 seconds, Mr. Benton.

Mr. BENTON. Oh, OK. Having chaired meetings, I understand that time is of the essence.

Mr. Chairman, I want to touch just very briefly on ecosystem management and then perhaps research funding. Ecosystem management I know is something that is very near and dear to your heart and something you would like to see evolve in fisheries. And you heard previously about the actions that our North Pacific Council has taken and the pilot program that is in its very infancy in the Aleutian Islands.

And I recall a bill, I believe that you authored a couple of years ago, that would have pilot programs on the West Coast and on the East Coast, and then some research planning and some dedicated funding for research to sort of move that process along. And I would I think like to point out that the North Pacific Council is doing what you had in that bill. It's doing it voluntarily. It's doing it with the existing tools in the Magnuson-Stevens Act. And it's feeling its way along so that as that program evolves, the right kinds of questions are being asked and the right kinds of scientific information is being developed. I would encourage you to look at that.

I don't believe and our organization does not believe that you need to put standards in the Magnuson Act for ecosystem approaches to fisheries management at this time. We believe that a better way of handling this is to allow the councils and the council process to develop in an evolutionary manner how they're going to deal with ecosystem considerations.

As Chair Madsen pointed out, the way that the North Pacific is looking at it, the ecosystem fisheries plan would be a guidance document. The actual implementation and regulations would still be developed through the FMP. Other councils may take a slightly different tact because of the way they have structured their fishery management planning process. But I think that what you're seeing is that throughout the council system around the country, that ecosystem planning is taking place and that, at least up here, it's being taken very seriously as tied closely with research planning that's done both through National Marine Fisheries Service and the Science Center and the North Pacific Research Board. Our council has input into both the research plan that the Science

Center develops and has input into the North Pacific Research Board which has a dedicated source of funding for marine research. All of those components are very much in line with the kinds of things that you were talking about in that bill that you had a couple of years ago. Thank you, Mr. Chairman.

Mr. GILCHREST. Thank you, Mr. Benton.

[The prepared statement of Mr. Benton follows:]

**Statement of David Benton, Executive Director,
Marine Conservation Alliance**

Introduction

Thank you Mr. Chairman, for this opportunity to testify before you today with regards to the importance of fisheries to Alaska and to touch on some of the important fishery conservation issues facing Alaska and the nation.

My name is David Benton. I am the Executive Director for the Marine Conservation Alliance. The MCA is a coalition consisting of seafood harvesters, processors, coastal communities, Community Development Quota organizations, and others interested in and dependent upon the groundfish and shellfish fisheries off Alaska. Taken together, the membership of the MCA represents about 80% of the harvesting and processing of groundfish and shellfish off Alaska.

Alaska produces roughly half of the nation's commercial fisheries landings by volume. Fisheries account for about 35,000 jobs in Alaska, and are valued at over \$1 billion dollars in value, in 2003, the ex-vessel value of groundfish alone was \$608.4M with \$127.1M from the Gulf of Alaska and \$481.3M from the Bering Sea and Aleutian Islands. The gross value of the 2003 groundfish catch, after primary processing, was approximately \$1.5B (F.O.B. Alaska). In addition to groundfish, halibut and shellfish generated \$165.9M and \$175.4M ex-vessel values respectively, in 2003, 1037 vessels caught Alaska groundfish.

Most importantly, the majority of our coastal communities are built around a fisheries based economy, and without a stable fishery resource base many of these communities would not exist. It is because of this dependence upon the sea and its resources that Alaskans work hard to ensure that conservation comes first, and that fishery resources are managed for their long term sustainability.

The record speaks for itself. There are no overfished stocks of groundfish in Alaska. Fisheries are managed under hard caps and close when harvest limits are reached. Federal observers and Vessel Monitoring Systems (VMS) monitor the catch ensure compliance with closures. Over 380,000 square nautical miles are closed to bottom trawling to protect marine habitat. Ecosystem considerations are taken into account in fishery management plans. For example, fishing on forage fish species is prohibited. And, for the two Bering Sea crab stocks rated as "overfished" aggressive rebuilding plans have been in place for many years. Most scientists believe that these stocks are depressed because of oceanographic changes that happened in the late 1970's, and that these stocks will not rebound until oceanographic conditions become more favorable for these species.

It is this record that caused the U.S. Commission on Ocean Policy to cite Alaska as a potential model for the rest of the nation. MCA concurs with that view.

The Council Process works for conservation

Alaska is remarkably fortunate, in that we have robust fish stocks and a long and successful record of producing healthy seafood on a long-term sustainable basis. For fisheries conducted in federal waters, this success story hinges on the regional fishery management council system embodied in the Magnuson Stevens Act (MSA). We believe that this system has all the characteristics that are required for developing and implementing science driven, conservation oriented management regimes while at the same time providing the public, affected user groups, communities, academics, scientists, and other interested parties with unprecedented access to the decision making process.

The MCA strongly supports the regional council system because it recognizes the remarkable diversity of issues facing the different regions of the country, and because it provides the public access to a transparent and science-driven fishery management process. We support the broad inclusion of state and federal fishery managers as well as expert stakeholders as council members. The MCA supports the current MSA appointments process whereby each Governor consults with the public, ensures that each nominee is experienced and knowledgeable on the region's fisheries, and nominates at least three individuals. In order to ensure that top quality

individuals continue to serve on the councils, the appointments should continue to be made by the Secretary of Commerce, not another official in the Department of Commerce.

The MCA supports a requirement that each new council member receive training before taking a seat on the council. Such training should include instruction in meeting the requirements of the Magnuson Stevens Act, the regulatory process (e.g. NEPA, Regulatory Impact Review, etc), and the rules for recusal and financial disclosure. The MCA supports continuation of the current requirements to disclose all financial interests relating to fishing and for recusal from voting in instances as defined in regulations.

Some argue that council members with any financial interests in a fishery be barred from sitting on a council or from voting on management decisions related to that fishery. Congress decided in 1976 to take a new approach to a regulatory system—establishing a regional council system that meets close to where the fisheries occur, opening all meetings to public scrutiny, and inviting those with hands-on experience to be part of the process that seeks to protect the sustainability of the resources they depend on. In 1996, as part of the Sustainable Fisheries Act, Congress reaffirmed this approach while at the same time strengthening the MSA recusal provisions to be functionally equivalent to those applied in other federal advisory boards. These provisions, coupled with the advisory role of the councils whereby the Secretary makes the final decision is a robust system of checks and balances that successfully prevents misuse of authority by council members.

The transparency of the MSA fisheries management process is unique in the federal government and ensures fair decision-making. It is a rare instance where the public has the level of access to the decision making process that is present in the regional fishery management council system. Council members sit through hundreds of hours of public testimony, receive voluminous reports and analyses, have the opportunity to receive scientific advice from experts through presentations, and in the end have to state their rationale for a decision on the record and vote. All of this takes place in the public eye. The complexity of fisheries management requires council members with deep knowledge and experience in a region's federal fisheries. Training can build a common knowledge base among council members to encourage understanding of the issues and efficient communication with each other and with the public.

Arguments have been made to require appointment of council members from particular interest groups, rather than building councils with important fisheries expertise. Designating specific seats for particular interest groups will lead to continuing battles for representation of narrow interest groups such as recreational fishers, a longline seat, a trawl seat, a tangle net seat, etc. This would seriously undermine one of the strengths of the council system, inclusion of knowledgeable persons from a broad spectrum of interests. Although many current council members have interests in either commercial or recreational fisheries, the largest group of seats goes to professional fisheries managers from NMFS and the states. Supplementing their broad expertise with private citizens with specific expertise in the fisheries being managed is the best method for promoting rational fisheries management. In the North Pacific, this discretionary process has led to the appointment in recent years of a wide variety of members from diverse backgrounds.

Strengthening the Role of Science in Management

The MCA strongly supports strengthening the institutional role of science in the regional council decision-making process. MCA believes that the policy of the North Pacific Fishery Management Council to set harvest levels at or below those recommended by their science advisors should be applied by all regions. In the case of the North Pacific, the Council does not set Total Allowable Catch for any species or stock offish higher than the Allowable Biological Catch set by the Council's Science and Statistical Committee (SSC).

In addition, MCA strongly supports increased funding for science programs. The U.S. Commission on Ocean Policy Report makes a strong case for the doubling of funding for fisheries and oceans research. The MCA supports that recommendation.

The North Pacific Fishery Management Council has consistently followed a policy of accepting SSC-recommended ABCs as a ceiling, setting annual TACs at or below those recommendations. The result is that no stocks of groundfish are overfished in the Bering Sea, Aleutian Islands, or Gulf of Alaska. That high degree of success is achieved within the existing Magnuson Stevens Act (MSA) structure and procedures. This policy can be replicated in all regions of the country.

A similar position was endorsed recently by the Chairs of the eight regional fishery management councils. The Chairs document states: "Councils shall adopt acceptable biological catches (ABCs) within limits determined by their Scientific and

Statistical Committees (SSCs) (or appropriate scientific body) and shall set total allowable catches (TACs) and or management measures, such that catch would be at or below ABC.”

The MCA supports amending the MSA along the lines recommended by the Chairs to clarify that this policy applies to all regions of the country.

MCA does not support proposals to split the science process and the SSCs from the Regional Fishery Management Councils. Such an arrangement would serve to politicize the scientific process, and further remove the science from the overall decisionmaking. MCA believes that it will be more effective to forge stronger ties through closer working relationships between the science advisors and the councils, instead of creating additional institutional barriers.

The excellent conservation record in the North Pacific demonstrates the benefits of maintaining and strengthening this important partnership. The MSA currently provides that each Council appoints the members of its SSC, a process which should continue. The regional nature of the Council’s work is key to a regulatory process that is transparent, available to all stakeholders, and that provides opportunities to participate and understand the scientific basis for decisions. A strong Council-SSC relationship is central to that process.

The MCA supports additional regulation of the conflict of interest rules for SSC members and more detailed qualifications requirements. There should be no question of the objectivity of the SSC and no doubts about their work. Standards for SSC membership, including restrictions on conflict of interests (e.g., no current contracts on issues before the SSC), and academic qualification criteria should apply.

The stock assessment process is the foundation of a successful science-based fishery management system. In the North Pacific, NMFS assembles top scientists for each Plan Team, with input and appointment by the SSC. The Plan Team assessment process is tied closely to the SSC-Council schedule for setting TACs, ensuring that the most recent scientific data is available and used. Plan Team meetings are open to the public and occur in the region.

Increased peer review would ensure that the methods used for stock assessment in each region are up-to-date and can withstand tough scrutiny, providing confidence in the stakeholder community. Each Council and its SSC should cooperate in selecting methods, models, etc. for outside peer review and, in consultation with NMFS, select the reviewers. The MCA recommends that time-sensitive work, such as annual stock assessments, be reviewed either on a periodic basis or after implementation with the objective of improved methods for future work.

Building an Ecosystem-Based Approach to Fisheries Management

Ecosystem-based management is an approach that seeks to balance the uncertainties of our knowledge regarding the workings of the marine environment with the better known science of single-species management. The goal on an ecosystem-based approach to management is to protect the long term sustainability of marine resources while providing a source of healthy food, jobs, economically viable communities, and recreation. The MCA supports ecosystem-based management as an important goal for the nation’s federal fisheries management system. We agree with others, including the Chairs of the regional fisheries management councils, that the MSA currently allows for an ecosystem-based approach to fisheries management and that incorporating ecosystem considerations into management can be strengthened with increased research funding and enhanced collaborative efforts among fishing and non-fishing regulatory bodies.

However, we are not in favor of establishing statutory requirements for ecosystem-based management in the Magnuson Stevens Act or other law. Our knowledge base regarding the structure and functions of marine ecosystems is in its infancy. Marine ecosystems are dynamic and driven by climate, biological abundance and human-induced factors. Climate and ocean currents and biological conditions such as plankton production and predator/ prey dynamics change from year to year. Human-induced factors such as pollution, coastal development, shipping traffic, recreational uses and fishing do also influence marine ecosystems. While the United States Commission on Ocean Policy (USCOP) recommended moving towards an ecosystem-based approach to management, the Commission also recognized that our knowledge of these forces and their interrelationships is limited. The Commission recommended moving towards an ecosystem-based approach to management in a careful and deliberate manner, using voluntary programs, and taking into account these uncertainties. The Commission did not support mandating an ecosystem-based management regime.

The National Research Council (NRC) also recognized these limits. The challenge, according to the NRC, is to “rebuild and sustain populations, species, and biological diversity, so as not to jeopardize a wide range of goods and services from marine

ecosystems, while providing food, revenue and recreation for humans." The NRC proposed eight specific criteria to be used in development of an ecosystem-based approach to management.

1. Conservative harvest levels for single species fisheries.
2. Ecosystem considerations incorporated into fishery management decisions.
3. A precautionary approach to deal with uncertainty.
4. Reduced excess fishing capacity and assignment of fishing rights.
5. Marine protected areas as a buffer for uncertainty.
6. Inclusion of bycatch mortality in catch accounting.
7. Institutionalization of scientific advice and stakeholder participation in a transparent decision-making process.
8. Research on the structure and function of marine ecosystems.

In the North Pacific, the Fishery Management Council's precautionary approach to fisheries management incorporates measures consistent with these eight recommended guidelines. Extensive habitat protection, prohibition of fishing on forage fish, controls on bycatch, protections for seabirds and marine mammals, strict catch accounting and hard caps on harvest levels are all part of the program. This strategy has sustained the nation's richest marine resources, producing more than half of all seafood harvested in U.S. waters. The record is 25-plus years without a single groundfish species classified as overfished. This success has come about within the existing framework of the MSA.

Some have proposed to empower the Secretary of Commerce, in consultation with the councils, to develop national guidelines to "standardize" the criteria used to develop an ecosystem-based approach to fisheries management. MCA does not support statutory language charging the Secretary with development of national criteria for ecosystem-based management. In the past, such mandates, though appealing on the surface, have led to lengthy administrative processes and unnecessary litigation to interpret the intent of Congress with regards to such language. Instead, MCA believes that we must recognize that one-size may not fit all, and that national criteria are not appropriate. The other regions of the country, as part of the established council-driven process under MSA, should consider and adopt their own sets of management policies to balance the uncertainties of marine ecology with the better known science of single species management as they incorporate ecosystem considerations into regional fishery management plans.

In order for any ecosystem-based approach to management to be successful, it has to be founded on solid scientific information. This fundamental principle was recognized by the USCOP in recommending significant increases in marine scientific research. Congress has also considered the need for better planning for marine research programs and increased funding to better understand the marine environment. MCA strongly supports development of comprehensive marine research plans that address important management needs, and increase funding for programs to implement such plans. MCA believes that a solid commitment to long term funding for expanded research focusing on the structure and function of marine ecosystems is paramount to the success of ecosystem-based approaches to management.

Some proposals would establish ecosystem management councils, separate from the regional fishery management councils. While MCA supports coordination of fishing and non-fishing activities as they pertain to the marine ecosystem and as recommended by the USCOP, it does not support creation of a national ecosystem management authority or regional ecosystem management councils. Ecosystems are varied as are existing regional fishing and non-fishing activities. Creating another layer of management will create confusion, duplication, and be expensive. MCA supports a simpler approach through the creation of regional coordinating bodies that rely on existing regulatory authorities. MCA recommends that the regional fishery management councils play a pivotal role in establishment of these advisory bodies. The purpose of these regional ecosystem coordinating councils would be to exchange information and coordinate research and management efforts. But they would not have any overarching management authority. MCA believes this collaborative approach is consistent with the recommendations of the USCOP, and should encourage an evolutionary and scientifically sound ecosystem-based approach to marine resource management.

Reducing Excess Capacity and Using Dedicated Access Privileges to Support Conservation

The MCA is supportive of quota-based and/or cooperative rights-based management systems, now being referred to as Designated Access Privileges (DAP). We support the availability of this important management tool to all regional management councils. Any such systems should be developed consistent with the National Standards and other provisions of the Magnuson Stevens Act.

The MCA believes that continued movement toward the equitable rationalization of fisheries represents the best available strategy to accomplish the management goals and objectives set out in the Magnuson Stevens Act. Eliminating the "race for fish" through rationalization provides opportunities to improve safety, reduce by-catch, protect and enhance the economies of coastal communities, and results in delivery of higher quality products. Management systems that have been implemented in the North Pacific have achieved these results while reducing overcapitalization. This has allowed for better management of fishery impacts on important species and habitats by distributing fishing effort more evenly in time and space. This temporal and spatial management has benefits ranging from positive impacts on endangered species to the introduction of seafood product forms that are more responsive to markets demands.

Authorization of these programs was recently endorsed by the Chairs of the eight regional fishery management councils. The MCA is supportive of the position adopted by the Chairs calling for authorization of quota-based and/or cooperative rights-based management systems.

However, MCA has taken no position on who should be included in such programs, or on any criteria for such programs. In fact, MCA does not support the development of standardized national criteria or guidelines for DAP programs. Each Council should be afforded the opportunity to shape fishery rationalization programs to fit the unique characteristics of their respective regions and fisheries. Any such systems should be developed consistent with the MSA National Standards and other provisions of the Magnuson Stevens Act.

Conclusion

MCA wishes to conclude by emphasizing that the regional council process currently established under the Magnuson Stevens Act plays a vital role in the health of our communities, our fisheries, and in the conservation of the rich marine resources off Alaska's shores. We urge you to carefully consider the successes we have had in Alaska when others ask you to change this system. Adding new statutory requirements or new layers of bureaucracy to this system would, in our view, undermine what is widely regarded as one of the worlds more successful management systems.

Mr. Chairman, MCA again thanks you for taking the time to hold these hearings. We have included additional information on a number of other issues as attachments to this testimony.

Enclosure:

- (1) Positions of MCA, the Council Chairs and the State of Alaska regarding MSA reauthorization (July 8, 2005)
- (2) Marine Research in the North Pacific <http://www.marineconservationalliance.org/issues/research.htm>
- (3) Sustainable Fisheries, Healthy Communities <http://www.marineconservationalliance.org/issues/sustainable.htm>

Mr. GILCHREST. Ms. Bonney.

STATEMENT OF JULIE BONNEY, EXECUTIVE DIRECTOR, ALASKA GROUND FISH DATA BANK

Ms. BONNEY. Good morning, Chairman Gilchrest, and I guess we'll also say hello to Congressman Young even though he isn't here right now.

My name is Julie Bonney, and I represent the members of Alaska Groundfish Data Bank, both shore-based trawl catcher vessels and shore-based processors. My members participate in fisheries across the North Pacific. However, most are economically dependent on the Gulf of Alaska groundfish fisheries fishing out of Kodiak.

Kodiak is a hub fishing community with harvesters of all gear types and vessel classes, plus a diverse and robust processing sector. Kodiak consistently ranks among America's top three seafood ports in ex-vessel value, and is a unique community to have a year-round processing labor force.

Our strength is the diversity of the harvesters and processors and the health of the fisheries that surround our island home. Given the success of the North Pacific Management Council, the members of Alaska Groundfish Data Bank strongly support the regional management council process, authority, and structure.

The Council is in the process of developing a comprehensive Gulf rationalization plan, which you've heard a lot about, for all groundfish. The formation of the plan has been highly participatory and transparent and has been in the council process for more than five years.

The Gulf trawl and processing sectors have been working toward many of the challenges that will face them once the rationalization plan is implemented. Thanks to Federal grants, to the Alaska Fisheries Development Foundation, and NOAA cooperative research funds, the trawl fleet has been able to experiment with voluntary hot spot bycatch avoidance and gear modifications that will help reduce and avoid bycatch once the race for fish ends. So we hope that you will continue to fund both cooperative resource and AFDF.

Additionally, the Kodiak trawl fleet and processors are involved in an experimental catch monitoring program with NMFS. This program showcases the cooperative relationship between the fishing industry and the management agency that highlights the North Pacific's willingness to be forward thinking to meet future fishery management needs. This summer's observer project has some video monitoring equipment and a change in the service delivery models where NMFS assigns observers to vessels and plants instead of industry contracting for their own observers.

Since the Gulf fisheries are small, independent, family owned vessels with significantly less annual ex-vessel revenue, it is imperative to develop monitoring programs that are innovative and cost effective that meet monitoring needs. If these goals cannot be met, it means excessive fleet consolidation where smaller entities with lower daily production will be squeezed out of the fishery in favor of larger more capital intensive operations.

For the fleet to embrace additional monitoring and move toward video monitoring, the MSA needs to provide better shield proprietary data from FOIA. Assurance that observer data will not be disclosed in an unaggregated form is essential if fishermen are going to embrace the kind of monitoring coverage that is necessary for responsible management. The confidentiality policy should apply whether the data is collected by human observers or technological means.

Under the present observer plan, the fishing industry arranges for and pays for its vessels and processing plant observers. Observer requirements are determined by vessel length. In the Gulf, vessels less than 60 feet constitute 92 percent of the groundfish fleet and harvest 58 percent of the total groundfish catch by value, yet are not required to carry or pay for observers. Vessels greater than 60 feet carry the entire financial burden paying for fishery catch data used to manage the Gulf groundfish fisheries. For this fleet, observer costs are much higher on a per-vessel basis due to lower revenues plus logistics of deploying observers to remote ports for short periods at a time.

The Council is moving forward to address data quality concerns of the Gulf and also considering monitoring needs for future comprehensive Gulf rationalization. It is clear that an expanded observer program would be prohibitively expensive. Since the Federal government pays for observer programs in all other parts of the country, some level of Federal funding ought to be available for the Gulf.

Several modifications are needed in the MSA so that the North Pacific Management Council can meet future challenges of catch monitoring. 1) Amend the MSA that defines North Pacific groundfish observers as professionals under the Fair Labor Standards Act. 2) Amend the MSA to provide for mechanisms to better shield proprietary data from FOIA. 3) Provide for supplemental Federal funding to pay for observers for those fleets that are similar to other fleets in the Nation that receive full Federal funding.

The members of Alaska Groundfish Data Bank look forward to working closely with the members of the Subcommittee on Fisheries and Oceans as we approach reauthorization of the Magnuson-Stevens Act. Thank you for the opportunity to comment, and thank you for being in Kodiak.

Mr. GILCHREST. Thank you, Ms. Bonney.

[The prepared statement of Ms. Bonney follows:]

**Statement of Julie Bonney, Executive Director,
Alaska Groundfish Data Bank**

Mr. Chairman and members of the House subcommittee on Fisheries and Oceans: My name is Julie Bonney and I represent the members of Alaska Groundfish Data Bank, both shorebased trawl catcher vessels and shorebased processors. My members participate in fisheries across the North Pacific however most are economically dependent on the Gulf of Alaska (GOA) groundfish fisheries fishing out of the port of Kodiak.

The groundfish fishery in the North Pacific is one of the largest volume and revenue producing fisheries in the world. Alaska's economy relies heavily on its fisheries, and long-term fisheries sustainability is the key to Alaska fishery's economic future. Sustainable, productive fisheries translate into jobs for Alaskans, revenues for coastal communities, and a healthy statewide economy.

Kodiak is a hub fishery community with harvesters of all gear types and vessel classes plus a diverse and robust processing sector. Kodiak consistently ranks among America's top three seafood ports in ex-vessel value. The seafood industry is the largest industry in Kodiak, providing over 2,800 annual average jobs and approximately 64 percent of Kodiak's basic economic employment. Kodiak is a unique community having a year round processing labor force instead of the more typical transient labor force. Our strength is the diversity of the harvesters and processors and the health of the fisheries that surround our island home.

Given the success of the NPFMC's sustainable fisheries management, the members of Alaska Groundfish Data Bank strongly support the Regional Management Council process, authority and structure. We believe that the strengths of the NPFMC process are:

- The highly transparent and participatory public process
- Regional management authority that allows participants to design fishery management structures for their independent region
- A clear separation between science-based stock assessment and allocation
- A commitment by regulators never to set harvest levels above the Allowable Biological Catch (ABC) established by the SSC
- A gubernatorial appointments process for Council representation
- A maximum biomass extraction limit for the Bering Sea and GOA ecosystems that is never exceeded, leaving fish for other ecological processes

The North Pacific Regional Management Council is progressive with forward thinking management processes, both in terms of conservation and allocation. Allowing the North Pacific to be progressive at the regional level yet address more general and global national standards is imperative to the North Pacific Council

future success. The MSA should not be amended to create nebulous standards that will end us up in court.

The North Pacific Fisheries Management Council has developed several rationalization plans that have shown the benefits of individual catch allocations. Our experience has shown that once the race for fish has ended it gives harvester the tools to deal with conservation mandates, reduces bycatch, increases vessels safety and increases fish retention levels. It changes the focus from catching the most amounts of fish in the shortest amount of time to capturing the most economic value for each fish caught. The North Pacific Fishery Management Council has developed several distinct rationalization plans: the one-pie IFQ Sablefish and Halibut plan, the Bering Sea Pollock America Fisheries Act, the 3-pie BS crab rationalization plan, and finally the CGOA rockfish rationalization plan. The Council has learned lessons from implementation of each dedicated access program. With each program additional stakeholders are incorporated within the initial allocation, with the goal of creating a healthy fishing industry as a whole. Most notably the Council understands that processors are stakeholders and must be included. Including processors accomplishes several goals:

- Compensation to processors for their capital investment in the fishery and awards processing privileges based on historical participation
- Prevention of excessive processor consolidation once the management structure is changed and fisheries are lengthened
- Creation of an appropriate balance for price leveraging that maintains rent sharing between harvesters and processors
- Prevention of redistribution of deliveries amongst processors—from primary processors to fish buyers with lower overhead and infrastructure costs that produce minimally processed products decreasing processing labor within the State of Alaska
- Incentives for processors, to reinvest in infrastructure, product innovation and processing labor since they have a stake in the new fishery structure
- Encourages fleet relationships with historical processors magnetizing harvesters to historically depend fishery communities

With rights based fishery structures Councils should focus on sharing the rents of the fish resource appropriately between fishery dependent communities, processors and harvesters.

The North Pacific Fishery Council is in the process of developing a comprehensive GOA rationalization plan. The formation of the plan has been highly participatory and transparent and has been in the Council process for more than five years. The GOA trawl sector has been working towards many of the challenges that will face the fleet once a rationalization plan is implemented. Thanks to federal grants to the Alaska Fisheries Development Foundation and NOAA cooperative research funds, the trawl fleet has been able to experiment with voluntary hotspot bycatch avoidance and gear modifications that will help reduce and avoid bycatch once the race for fish ends.

Additionally, the Kodiak trawl fleet and processors are involved in an experimental catch monitoring program this summer with National Marine Fisheries Service (NMFS). This program showcases the progressiveness and cooperative relationship between the fishing industry and the management agency. It also highlights the North Pacific's willingness to be forward thinking to meet future fishery management needs.

This summer's observer project tests video monitoring equipment and a change in the service deliver model where NMFS assigns observers to vessels and plants instead of industry contracting for their own observers. Since the GOA fisheries are small independent family owned vessels, with significantly less annual ex-vessel revenue, it is imperative to develop monitoring programs that are innovative and cost effective but meet monitoring needs, if these goals cannot be met it means excessive fleet consolidation where smaller entities with lower daily production will be squeezed out of the fishery in favor of larger, more capital-intensive operations.

For the fleet to embrace additional monitoring and move towards video monitoring, the MSA needs to provide a better shield of proprietary data from FOIA. The need for clarification that unaggregated observer data is confidential and exempt from disclosure was underscored earlier this year when the North Pacific fishing industry was forced to file suit to prevent the release of vessel by vessel catch and bycatch data in response to Oceana's FOIA request. Assurance that observer data will not be disclosed in an unaggregated form is essential if fishermen are going to embrace the kind of observer/monitoring coverage that is necessary for responsible management. The confidentiality policy should apply whether the data is collected by a human observer, video cameras or vessel monitoring systems. This was one of the recommendations of the Managing our Nation's fisheries conference II.

Under the present observer plan authorized in 1990, the fishing industry arranges for and pays for its vessels and processing plant observers. Observer requirements are determined by vessel length where vessels less than 60' are not required to carry observers, vessels greater than 60' but less than 125' are required to carry observers 30 percent of the time while vessels greater than 125' are required to carry observers 100 percent of the time. In the GOA vessels less than 60' constitute 92% of the groundfish fleet and harvest 58% of the total groundfish catch by value. Because of the vessels size classes present in the GOA much less of the catch is observed, the low range of observed catch in the GOA is 3% compared to a high range of 86% in the BSAI (see enclosure 1—Observed catch in the BSAI and GOA). Since vessels decide when they take observers, coverage does not occur over the entire time frame of the fishery or in all locations of fishing. Finally, the 60' to 125' vessels carry virtually the entire financial burden paying for fishery catch data used to manage all the GOA groundfish fisheries. Observer costs are much higher on a per-vessel basis due to far lower revenues on a per-vessel basis plus the daily observer costs are often higher due to logistics of deploying observers to remote ports for short periods of time.

The North Pacific Fishery Management Council is moving forward to address data quality concerns in the GOA and also considering monitoring needs for future comprehensive GOA rationalization. The recent analysis that was prepared in connection with the proposed overhaul of the North Pacific Fisheries Observer Program made it clear that the cost of an expanded observer program in the GOA would be prohibitively expensive for the small boat fleet that operates. Since the federal government pays for observer programs in other parts of the country, some level of federal funding ought to be available to help pay for expanded coverage in the GOA. Costs of an expanded observer program in the GOA could be as much as five or six million dollars a year (see enclosure 2—Proposal for Halibut and GOA Groundfish Observer Program Design). For comparison purposes, other observer programs in the U.S. that are fully federally funded are as follows: For the West Coast Observer Program that monitors groundfish vessels fishing off the coast of Washington, Oregon, and California the annual budget is \$4 million. The Northeast Observer Program, which provides coverage on vessels operating from Maine to North Carolina, has an annual budget of \$12.2 million.

The GOA fishing industry is equivalent to other areas of the national whose programs are fully federally funded and thus deserve federal funding as well. The fishing communities in the GOA such as Sitka, Yakutat, Cordova, Homer, Kodiak, Sand Point, King Cove, Chignik, and others have traditional roots in commercial fishing and most have had fleets of local commercial fishermen for over a century. These fishing towns are very similar to traditional fishing communities outside of Alaska such as Astoria and Newport, Oregon; Gloucester and New Bedford, Massachusetts; Reedsville, Virginia; Empire, Louisiana; and Pascagoula, Mississippi, in terms of the scale and composition of their fishing fleets and processing industries. Alaska's coastal fishing communities tend to be even more dependent on commercial fishing than these lower 48 communities due to their isolation and lack of alternative economic opportunities. As is the case outside of Alaska, the coastal fishing fleets in Alaska are almost exclusively family owned small businesses.

Additionally, for the Council to move forward with restructuring the observer program and change the service delivery model, where the agency contracts for observers and deploys them as they chose, the determination that North Pacific Groundfish Observers are professionals under the Fair Labor Standards Act (FLSA) must be made. Incorporating accurate estimates of observer labor rates is important for restructuring alternatives for consideration by the Council. This cannot be achieved while the FLSA status of North Pacific Groundfish Observers remains uncertain.

While working through the observer issue several modifications need to occur within the MSA so that the North Pacific Fisheries Management Council can continue to move forward to address observer program needs:

- (1) Amend the MSA that defines North Pacific groundfish observers as professionals under the Fair Labor Standards Act. (Enclosure 3—Memo from NMFS/ASC to Dr. William Hogarth—Status of North Pacific Groundfish Observers under the Fair Labor Standards Act (FLSA)).
- (2) Amend the MSA to provide for mechanisms to better shield proprietary data from FOIA.
- (3) Provide for supplemental federal funding to pay for observers for those fleets that are similar to other fleets in the national that receive full federal funding. (Enclosure 4—Draft section for incorporation in the EA/RIR/IRFA to establish a new program for observer procurement and deployment in the North Pacific Groundfish Observer Program).

The members of AGDB look forward to working closely with the members of the subcommittee of fisheries and oceans as we approach reauthorization of the Magnuson-Stevens Act. Thank you for the opportunity to comment.

Mr. GILCHREST. Mr. Stinson.

**STATEMENT OF JAY STINSON, PRESIDENT,
ALASKA DRAGGERS ASSOCIATION**

Mr. STINSON. Well, thank you, Mr. Chairman, for the invitation to testify today concerning the reauthorization of the Magnuson-Stevens Act, and welcome to Kodiak.

Mr. GILCHREST. Thank you.

Mr. STINSON. The weather is getting nicer by the minute here. I'm Jay Stinson, President of Alaska Druggers Association. I'm also the owner-operator of a 73-foot multi-purpose boat that is engaged in trawling, longlining, research. And I also own another tender vessel that's currently operating in Bristol Bay right now.

ADA supports the testimony given by both Mr. David Benton and Ms. Julie Bonney. I think they expressed their perspectives quite saliently. The fishing community of Kodiak enjoys the benefit of many well managed and healthy fish stocks. For this success, we can thank the efforts of the North Pacific Fisheries Management Council, NOAA, National Marine Fisheries Services, the Alaska Board of Fish, the Alaska Department of Fish & Game, and certainly we can thank the efforts of this Subcommittee for their commitment to the living resources of this nation's marine ecosystems.

The social and economic importance of Alaska fisheries cannot be overemphasized. The Alaska fisheries harvest would rank 12th in the world if Alaska were an independent country. Commercial fishing is the life blood of the coastal communities of Alaska. Tax revenues from fisheries resources fund schools, local government, and essential services for most of our coastal communities.

Alaska's challenges and issues regarding fisheries management are different than those regarding most of the rest of the nation. Certainly, we need to maintain the current health, viability and sustainability of our marine resources. We also need to conserve habitat and nurture the economic vitality of our communities that rely on those resources. We need to develop and refine a better and more comprehensive understanding of the natural environment and ecological systems of the North Pacific. The North Pacific Fisheries Management Council process has proven to be a successful and instrumental tool to facilitate those objectives.

One of the critical issues important to this region is ending the race for fish by creating equitable rights-based management systems for all of the federally managed fisheries in the North Pacific. This is going to be a very contentious statement, but I'm willing to defend that idea. Rights-based fisheries management allows harvesters and managers additional tools to meet increasing regulatory mandates.

Non-rationalized fisheries in the Gulf of Alaska are being economically marginalized by entities with more efficient market structure combined with the cumulative effects of severe environmental regulation that constrains our abilities to operate. We've seen this under Steller sea lions, essential fish habitat, and other

things. IFQs, co-ops, and other forms of rights-based management will encourage harvesters, processors, and fishing dependent coastal communities to invest in the long-term vision of sustainable fisheries in Alaska.

While ecosystem-based management is a preferable methodology and mind-set for prudent fishery management policies, the concept is still in the early stages and large challenges need to be addressed before it can be a viable management system. As of yet, we do not have adequate data for refined methodologies to integrate the various disciplines and bodies of scientific knowledge into a single comprehensive management model.

Regional oceanographic biological socioeconomic concerns need to be considered in developing a prudent, conservative, and sustainable approach to fisheries management. However, our current ability to use this as a discrete management tool is less than sufficient to meet legal and regulatory standards. Response to litigation is currently driving the management concept for many of the fisheries in the North Pacific. Management by litigation compromises credible science. The science needed to manage the resource that comes beholden to the legal process instead of the scientific and management priorities. Legal exposure over rights, biological and scientific process, this broad untested concept of ecosystem-based management begs for legal challenge.

ADA supports the development of a credible and cost-effective national fisheries observer program. Our current Federal fisheries observer program in the North Pacific, while viewed by some as a success in collecting data, is certainly less than equitable in practice.

Observer information requirements based on management concerns, fleet logistics, biological considerations and data collection protocols need to be considered on a regional basis. An observer program should not be designed as an unfair tax to disproportionately impact certain segments of the industry, nor should it be unduly burdensome to certain harvesters or processors.

One piece of information I picked up yesterday is that we have approximately 36,000 man days of observer coverage in the North Pacific that's paid for by the fishing industry. That equates to probably close to \$13 million that this industry is financing our own observer data collection with. Compared to the East Coast, the Pacific Coast, for me that's a large inequity. We need good observer data. We need good science. We need good management. We also need equity. Thank you.

Mr. GILCHREST. Thank you, Mr. Stinson.

[The prepared statement of Mr. Stinson follows:]

**Statement of Jay E. Stinson, President,
Alaska Druggers Association**

Thank you, Mr. Chairman and members of the Subcommittee, for the invitation to testify today on the Reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act.

I am Jay Stinson, President of Alaska Druggers Association (ADA), a trade association representing vessel owners, captains and crew members of the Central Gulf of Alaska shore based trawl industry. Last year's membership included 32 of the approximately 40 vessels that make up this regional fleet.

Because of the Magnuson-Stevens Act and the management policies developed by the North Pacific Fisheries Management Council and the Alaska Board of Fish,

Kodiak enjoys the benefit of many well managed and healthy fisheries. Our fish stocks are conservatively managed and allowing for normal environmental fluctuations and cyclic population dynamics are some of the healthiest and most viable native fish stocks in the world. Of the 63 species of Groundfish managed under federal Fisheries Management Plans in Alaska, none are listed as over fished and none of their populations are threatened. Only three species of crab have been listed as "overfished" although most scientists attribute unfavorable environmental conditions as the likely cause of low stock levels for crab species in the Bering Sea and Gulf of Alaska. Our state managed salmon stocks are regarded as the most viable and healthy natural populations in the world.

According to the 2004 Coast Pilot, Alaska has an ocean coastline of 5,770 nautical miles, slightly less than the combined total of the other 49 states. The surprising figure though, is the 29,500 miles of tidal shoreline that surround the state. Paradoxically, Alaska's resident population of less than 600,000 is approximately only 2 tenths of one percent of the total U.S. population. More than one half of Alaska's population lives in the greater Anchorage area.

The social and economic importance of fisheries to Alaska cannot be over-emphasized. The commercial fishing industry is the largest private employment sector in the state with an ex-vessel value in excess of one billion dollars. Alaska fisheries harvest would rank 12th in the world if Alaska were an independent country. Commercial fishing is the life-blood of the coastal communities of Alaska. Tax revenues from fisheries resources fund schools, local government and essential services for most of our coastal communities.

Alaska's challenges and issues regarding fisheries management are different than those regarding much of the rest of the nation. Urban sprawl, pollution and contaminants, habitat degradation, depleted and overfished stocks, and just plain too many people impacting marine habitat is epidemic in many coastal regions of the United States. Those issues are not as immediately critical to Alaska. What is important for this region is ending the race for fish by creating equitable right-based management systems for North Pacific fisheries that have not been rationalized, maintaining the current health, viability and sustainability of our marine resources, conserving habitat and nurturing the economic vitality of our communities that rely on those resources. We need to develop and refine a better and more comprehensive understanding of the natural environmental and ecological systems of the North Pacific. Policy that allows access to the resource, maintains social, economic and cultural stability is vital to the people that have historically relied on the bounty of Alaska's marine environment.

Ecosystem Based Management:

Over the course of the last four years, my vessel has been under contract with the University of Alaska School of Fisheries and Ocean Science. Working under the direction of Dr. Robert Foy, we have logged over 6,000 miles of hydroacoustic transects around Kodiak Island. Using hydroacoustic equipment, plankton nets, tucker trawls, a midwater trawl, surface temperature and salinity recorders, and CTD recorders, we assessed a significant portion of the near shore and inner bay habitat areas of Kodiak Island.

This type of work is fundamental to the actual development of "ecosystem based" management concepts. While everyone agrees that ecosystem-based management is a preferable methodology and mindset for fisheries management, the concept is still in the early stages and large challenges need to be addressed before it can be a viable management system. As of yet, we do not have the data or methodologies to integrate physical oceanography, meteorology, habitat concerns, energetics, trophic efficiencies, relative survivalship of competing species, essential fish habitat, life history bottlenecks, and, socio-economic management concerns into a single comprehensive management model. The complexity and breadth of these ecological relationships is overwhelming. The range of variables is daunting. While all of these concerns need to be considered in a prudent, conservative and sustainable approach to fisheries management, our current ability to use this as a discrete management tool is less than sufficient to meet legal and regulatory standards.

Whether we choose to promote a "bottom-up", "top-down" or a "middle-out" approach to multi-species or ecosystem based management plans, the information base and associated expertise will need to be increased substantially. In addition to the provision of funding for and carrying out basic data collection for ecosystem-based management, inter-disciplinary and inter-agency research collaboration will be required. These are needed to effectively integrate fisheries management, oceanography, fisheries ecology, marine habitat, meteorology, environmental toxicology, as well as initiating long term regional monitoring plans. Significant increases in funding and program development would need to occur far in advance of any policy

implementation. And all of this process would beg for legal assault from the environmental industry—a major vulnerability if requirements for ecosystem-based management are added to the Act ahead of the basic data collection and development of scientific methodologies.

ADA does not support the creation of an independent ecosystem council. Regional councils are best suited to manage fisheries concerns unique to the ecological conditions in their respective areas.

Management by Litigation:

Response to litigation is currently one of the predominant management concepts in use today to manage the fisheries off the coast of Alaska. The Environmental Industry's legal challenges under the Endangered Species Act, National Environmental Policies Act and Essential Fish Habitat are creating an extremely unstable regulatory and fiscal environment for harvesters, processors and Alaska's fishing dependent coastal communities. ADA is concerned that if a legal and philosophical paradigm shift mandates "ecosystem based" management approaches without sufficient data and scientific foundation that a whole new round of legal challenges will arise from the law offices of the environment industry.

Management by litigation is detrimental to both the resource and communities that depend on those resources for several reasons. First, the science needed to manage the resource becomes beholden to the legal process instead of the scientific and management priorities. The process of legal discovery replaces open, transparent, peer reviewed research. Defensive or strategic research is pursued with a predetermined conclusion in mind. Legal exposure overrides biological process. Under current legal and regulatory process, the burden of proof lies with the stakeholders; not the litigants or the agencies. Closed litigious negotiations also disenfranchise the communities and stakeholders from the policy decision process.

One of the examples of this process lies in the enforcement of the Endangered Species Act inconsistent with the principles and national standards of the Magnuson-Stevens Act. Following the finding of jeopardy contained in the Nov 2000 Biological Opinion on Steller Sea Lions, the Office of Protected Resources, based on speculation and indirect correlations, instituted new fishery management measures that increased bycatch, disenfranchised certain sectors of the historic fishing community, disregarded concerns for human safety, while creating direct economic cost to affected communities, industry, and taxpayers that to date have exceeded several hundreds of millions of dollars with no discernible impact on any observed recovery of the Western Stock of Stellar Sea Lions.

EFH: The Sustainable Fisheries Act mandate for protecting fish habitat to the extent practicable and particularly NMFS' guidelines for protecting essential fish habitat also spawned vulnerability for those dependent on fishing for the livelihoods. One problem was the all inclusive definition of "essential" fish habitat built into NMFS implementation guidelines. Resource-based industries cannot reasonably be held to the standard of having no detectable effect on the environment. Yet that is how many NGOs sought to interpret the EFH mandate- i.e. to minimize the effects of fishing wherever those effects were discernable and with no regard as to whether a measurable effect truly affected the long-term productivity of the habitat for the fish resources of Alaska upon which the nation depends. In addition to the rancor between resource users and advocates of protectionism created by the open-ended EFH guidelines created, in many ways the lack of clearly definable scientific goals and once again allowed litigation to paralyze the management system. This probably added at least two years to the North Pacific Council's consideration of reasonable and practicable protections for deep-water corals in the Aleutian Islands.

The success of the federally managed fisheries in the North Pacific is directly linked to the high regard and confidence that the harvesting and processing sectors have for the science based process of the North Pacific Fisheries Management Council. Open and transparent dialogue between scientists, industry and the management council is the foundation of successful management. Litigation has, at times, compromised that process.

ADA supports a precautionary and prudent approach in crafting amendments to the Magnuson-Stevens Act; anything less will likely lead to another round of legal challenges from outside interests.

Rationalization and Rights Based Fisheries Management:

For fisheries to remain viable and sustainable in the Gulf of Alaska, they need to be attractive to long-term investment. The Bering Sea AFA co-ops and the Halibut/Sablefish IFQ program have been very successful in creating a stable market based business and regulatory environment. Both management programs have reduced waste, increased the value of the resource, ended the "race for fish" and

created safer working conditions for the harvesters. It appears that the Bering Sea Crab rationalization plan will produce comparable results.

Federal fisheries management has undergone substantial evolution over the course of the last decade in much of North Pacific. However, the federal fisheries in the Gulf of Alaska are still transitioning. Traditional management tools have not been able to address issues of over-capitalization, by-catch reduction or community stability. The general objective of fisheries management is to conserve marine resources and maximize sustainable benefits to the nation. While quota based management systems may effectively limit fisheries harvest, they promote a "Race for Fish" and encourage "over capitalization". This situation is becoming increasingly problematic in the Gulf of Alaska where several of our groundfish fisheries are now measured in hours or days.

With rationalization comes responsibility. Alaska Draggers Association is looking forward to the opportunity to assist in creating constructive tools that will better allow harvesters and managers the ability to effectively deal with:

- Minimizing discards and bycatch
- Understanding the true impacts of fishing practices on benthic habitat
- The identification of mitigation strategies to ameliorate fishing impacts
- Minimizing disproportionate impacts of Protected Species Management
- Improving safety at sea
- Ensuring the socio-economic and cultural stability of coastal communities
- Developing cost effective harvest auditing methodologies
- Assisting agencies with fisheries research and reliable data collection

ADA supports rights based fisheries management utilizing such concepts as Dedicated Access Privileges (DAPs) or Individual Fishing Quotas (IFQs) that would allow industry and managers a broader suite of tools to reconcile these issues. Co-operative management structures add additional flexibility to manage bycatch and quota distribution while maintaining historic processing and community relationships

DAPs should be a fisheries management tool suited to the particular needs of a specific fishery in a given region. Admittedly, Alaska may be somewhat unique in that we have already implemented several fisheries rationalization programs, including Halibut and Sablefish IFQ's, the American Fisheries Act, the Bering Sea Crab Rationalization Program. The Gulf of Alaska Rockfish Pilot Program and Gulf of Alaska comprehensive rationalization plan are working their way through the North Pacific Council Process. Each rights based management program has emphasized different management objectives. Each new program has evolved to meet new issues and complexities.

The challenge in developing National Standards for Rights-Based fisheries lies in the fact that "one size does not fit all". Alaska is different geographically, culturally, and ecologically from New England, the Mid-Atlantic, or the Western Pacific. Management concerns and industry needs for the Central and Western Gulf of Alaska are different than those of the Bering Sea or South-East Alaska. We need regional programs that best fit local needs. Regional councils operating as a component of the Magnuson-Stevens Act are best suited to develop and tailor these programs.

ADA does not support the requirement of a referendum vote by all licensed harvesters with-in a region to validate a rationalization program. Allocative arguments between individual harvesters of various gear sectors have the potential slowing efforts for improving the management process of the North Pacific.

Creation of a National Fisheries Observer Program:

Alaska has a functional and in most regards successful fisheries observer program. This program monitors most segments of our federally managed fisheries for directed harvest and bycatch rates. Observers also monitor compliance with fisheries regulations, gear types, fishing areas, and well as Marine Pollution regulations and vessel safety requirements. There are currently several gaps in the Alaska observer program's ability to gather reliable data and to provide consistent coverage of all the harvesters. Our observer program is funded on a pay-as-you-go basis by the vessels and plants that are required to carry observer coverage. Vessels less than 60 feet are not required to have observer coverage. Vessels greater than 60 feet and less than 125 feet in length are required to maintain a minimum of 30% coverage. Vessels over 125 ft are required to maintain 100% coverage, and at times 200% coverage.

This situation is both inequitable and ineffective in design. Vessels less than 60 feet get a free ride. And other vessels that can pack 500,000 pounds of product pay the same as vessels that can only carry one-quarter of that amount. While some vessels incur observer costs of less than one half of one percent of their gross fishing revenues, smaller vessels that are just over the 60 foot criterion may have observer

costs that exceed 10 percent of their revenues, while other vessels incur no cost at all. There is a significant lack of observer data from vessels less than 60 feet.

ADA is currently joining with NMFS to test the effectiveness of an automated video monitoring program to audit the upcoming GOA rockfish fishery. As the industry moves toward a more rationalized approach to fisheries management, tools that allow harvesting co-operatives to monitor and self regulate harvest quota's and bycatch rates will be necessary to meet the regulatory mandates of the future.

ADA supports developing an equitable and cost effective national fisheries auditing program. Management concerns, fleet logistics, and data collection requirements need to be considered on a regional basis. An observer program should not be designed as an unfair tax to disproportionately impact certain segments of the industry, nor should it be unduly burdensome on the harvesters or processors.

Mr. Chairman, I'll end by summarizing five import points:

- Sustainable Fisheries are vital to Alaskan communities. Alaska's issues and needs are different than those in other areas of the nation. Access to well managed resources is paramount to the vitality of Alaska's coastal communities.
- Management by litigation does not encourage credible science. The level of science required for ESA is not consistent with traditional academic research which encourages transparency and peer review. Intra-agency consultation and review creates a bias perspective. Policy developed for ESA and the MMPA mandates are not consistent with the National standards of the Magnuson-Stevens Act.
- Ecosystem Based Management approaches is not sufficiently defined to effectively manage federal fisheries. Given our current information base and technological capabilities, comprehensive ecosystem based management structures would currently be too complex to be effectively implemented and administered.
- Rights Based Fisheries Management would allow harvester and managers additional tools to meet increasing regulatory mandates. Non-rationalized fisheries in the Gulf of Alaska are being economically marginalized by entities with a more efficient market structure combined with the cumulative effects of severe environmental regulation that constrains our ability to operate. IFQs, co-ops or other forms of rights based management will encourage harvesters, processors, and fishing dependant coastal communities to invest in the long term vision of sustainable fisheries in Alaska to the overall benefit of the nation.
- A national fishery observer program should be instituted, based on an equitable cost structure, regional needs and the information requirements of specific fisheries.

Thank you for your consideration.

Mr. GILCHREST. Mr. Fields.

STATEMENT OF DUNCAN FIELDS, TECHNICAL ADVISOR TO THE GULF OF ALASKA COASTAL COMMUNITIES COALITION

Mr. FIELDS. Thank you, Mr. Chair. Thank you for coming to Kodiak. My name is Duncan Fields. I'm speaking today as a technical advisor to the Gulf of Alaska Coastal Communities Coalition. I have behind me Freddy Christiansen who is the chairman of our Board. In the audience are numerous community leaders here who are interested in these issues. I trust after the hearing, you'll have an opportunity to meet with some of those and talk further on the issues.

Our coalition was established in 1998 because Gulf of Alaska coastal communities were becoming increasingly alarmed about loss of fishing opportunities and loss of access to marine resource in proximity to these communities. The coalition is working with approximately 42 communities across the Gulf of Alaska to provide some sort of dependable fisheries-based economic base to these communities. For many of these communities, fisheries is the only substantial economic opportunity they have. All of these communities are not connected by roads. They are isolated communities along the Gulf of Alaska.

I've fished for the past 45 years on the West side of Kodiak Island between two communities, the communities of Larsen Bay and Karluk. These communities like many of your communities on the East Coast have long and significant fishing histories. Karluk is where the salmon fishery in Alaska got its start some 20 or 30 years ago. Nevertheless, today both communities are dying. This is true for communities across the Gulf of Alaska.

Chignik, on the Alaska Peninsula for example, Seldovia in Cook Inlet, Chenega Bay in Prince William Sound, Yakutat in northern Southeast, Craig and Klawock in southern Southeast. All of these communities have lost fishing opportunities. Family fishing operations have gone out of business. Numerous fishing-related jobs have been lost, particularly crew jobs that provided infrastructure in these communities. Populations are declining. Basic community services have been lost. Schools are being closed. Many of these communities have had reliance on fisheries calculated in terms of centuries rather than generations, Mr. Chairman.

It's the belief of the Coalition that the next Magnuson-Stevens reauthorization will decide the fate of many Gulf of Alaska coastal communities. The initial Magnuson-Stevens Fishery Conservation and Management Act and the subsequent reauthorization address many significant fisheries issues. However, now is the time to look at the critical needs of fishery-dependent coastal communities.

We had a wholesale fisheries economic crisis that's tearing apart smaller Gulf of Alaska communities. It's a well documented fact. For many years, it's been a major concern to the State of Alaska as well as the North Pacific Fisheries Management Council. In addition, Alaska's congressional delegation, including Congressman Young, have been concerned about and supportive of initiatives to keep these communities viable.

In light of what's happening here in the Gulf of Alaska to these communities, Mr. Chairman, we would make the following recommendations in the reauthorization of the Magnuson-Stevens Act. Our first recommendation is the community protection provisions in the Magnuson-Stevens be strengthened. National Standard 8, that's a broad national policy of community protection, but this is generally speaking not sufficient to ensure that regional management councils apply significant community protections as part of the rationalization program.

Our second recommendation, Mr. Chair, is that provisions for community quota share programs, CFQs, should be included as part of the Magnuson-Stevens reauthorization. You'll remember that the inclusion of these types of provisions were recommended both by the February 2004 General Accounting Office report to Congress as well as the National Research Council report to Congress in 1998. They're both called Sharing the Fish.

Our third recommendation and closer to home, Mr. Chairman, Congress to provide for community fisheries quota program for smaller Gulf of Alaska communities. The essence of community protection is long-term access to and ownership of a modest portion of the resource.

Finally, Mr. Chairman, we would recommend that you provide funding mechanisms for community quota share purchase programs. These would be our four recommendations.

In conclusion, if the current trends continue, most smaller Gulf of Alaska communities will have few if any commercial fishermen in a few years. Some of these communities will no longer exist. Access to fisheries resources is critical for the economic survival of these communities. Significant steps must be taken immediately to provide these communities with fishing opportunities. These communities, Mr. Chairman, are seeking a hand up, not a hand out. This is not hyperbole.

These communities are at an historical crossroads and therefore Congress is also at that crossroads. Help, which could occur through Magnuson reauthorization, would capture a unique opportunity to ensure that Gulf of Alaska fishing communities will not be relegated to the dust bin of history and will continue to be economically viable participants in both Alaska's economy and the economy of the nation.

We're all on notice as to the precariousness of the situation. If you as a congressional decisionmaker could provide meaningful community protections, then you will preserve something here in Alaska that is absolutely unique and irreplaceable. We implore you to help save Alaska's smaller Gulf communities.

Thank you for your consideration of my comments today. We are eager to work with you and members of the Alaska delegation as well as other affected parties to craft legislative language that is fair and equitable to help address some of challenges Alaska's small communities face. Thank you, Mr. Chairman.

Mr. GILCHREST. Thank you, Mr. Fields.

[The prepared statement of Mr. Fields follows:]

Statement of Duncan Fields, Technical Advisor to the Gulf of Alaska Coastal Communities Coalition (GOAC3)

Mr. Chairman and Members of the Subcommittee.

Thank you for your invitation to the Gulf of Alaska Coastal Communities Coalition to present views on reauthorization of the Magnuson-Stevens Act (MSA).

My name is Duncan Fields and I am speaking today as a Technical Advisor to the Gulf of Alaska Coastal Communities Coalition (GOAC3), an organization formally established in 1999 to help ensure that GOA Coastal Communities have fishing opportunities that are essential to their viability today and long-term survival into the future.

Thank you for holding this field hearing regarding fisheries management successes in Alaska and the reauthorization of MAS, an Act that affects the economies of the over 45 small coastal fishing communities within the Gulf of Alaska most of whom have representation within this coalition.

The GOAC3 is dedicated to securing fishing opportunities within the traditionally fisheries-dependent communities of the Gulf of Alaska sufficiently adequate to help sustain them as viable coastal communities. This organization has sought to assist the member communities with a combination of private and federal funding to help fisheries dependent communities work with regulatory agencies to develop substantive ways to retain, and regain lost fishing effort and opportunity which will help these communities survive.

By way of background, I am a long-time commercial fisherman in the Gulf of Alaska. I have fished for salmon for 45 years at our family's fish camp, about 80 miles from Kodiak between the fishing communities of Larsen Bay and Karluk. Over that time I have witnessed many changes. The most striking change is the decline of commercial fishermen living in these and other rural fishing communities of the Gulf of Alaska and the subsequent loss of their fisheries-based economies. A number of the Gulf coastal communities are clearly struggling to stay alive and not seeing an improvement in their struggle. While the GOAC3 certainly recognizes that there are many factors other than access to the fisheries involved in the increasingly hard times in these coastal communities, reduced access to fishing is the salient factor in their diminished capacity to remain viable.

What has happened around the entire Gulf, from Sand Point to Chenega Bay and Yakutat to Craig is similar to what has occurred here on Kodiak Island. Family fishing, the number of jobs supported through crew and infrastructure, a way of life that was healthy and sustainable, is disappearing in favor of consolidation of boats, fishing effort and ownership that frequently does not favor fishing communities of the Gulf of Alaska.

To help inform you about the impacts of the shift in fisheries on coastal communities and the importance of the inter-reliance of multi-species fishing, we would like to offer the following background.

First Major Commercial Fishing in Alaska

Many of the Communities refer to the "historic period" of their reliance on fishing in centuries, not decades or less. Their ancestors were there long before commercial fishing came into its own. The salmon industry was the first major commercial fishing in Alaska and in the late 1800's got its start in Klawock, Old Sitka and Karluk. At one time there were six processing plants operating on the Karluk spit from the resources of a single river. The processing plant in Larsen Bay was built in 1912 and still operates today. For decades, Karluk and Larsen Bay remained vibrant fishing towns by moving focus from one species to another depending on supply and markets. Salmon was a constant but when salmon runs were down, rural fishermen would switch to codfish or halibut or herring and, after World War II, crab.

Alaska Statehood—1959

When Alaska became a state in 1959, it took control of its fisheries. The new state immediately banned the hated cannery-owned fish traps, along with other initiatives that helped to create greater economic benefit to area harvesters.

1973 Salmon Limited Entry Program

The first rationalization program, instituted by the State of Alaska in 1973 for salmon, issued salmon permits with an intent to protect the small boat fleet as much as possible. Although the number of permits issued to Alaska coastal community fishermen was often less than the number of residents that had previously participated in the fisheries, these permits maintained the small boat fisheries based infrastructure. Most vessels from smaller communities were less than 58 feet and many less than 32 feet.

The shrimp fishery in the early 70's brought larger (trawl) vessels to Kodiak and the Gulf of Alaska. Most rural residents were not interested in trawling because of the large by-catch of crab and the adverse impact on the habitat of their fishing grounds. Consequently, few moved up to the larger vessels that became the mainstay of the emerging groundfish fisheries.

Implementation of MSA

The 1976 implementation of the Magnuson Fisheries Conservation and Management Act coincided with the increase of pollock and codfish in the Gulf of Alaska. The opportunities to have American catcher boats joint venture with foreign processors went entirely to larger vessels, not the small boat fishermen from rural communities. Capital that accumulated from the joint ventures enabled participants to enlarge their vessels, expand their fisheries and, eventually, obtain all of the quota for American fishermen.

Although this was a good thing for Alaska and for American fishermen, small boat fishermen from Alaska coastal communities were almost entirely excluded from the economic benefits of this capitalization and simply have not been able to catch up. They were not equipped by experience or history to compete in this capital intensive arena. To offset these types of systemic impediments to access to fisheries by coastal communities with respect to the Bering Sea fisheries, the Community Development Quota (CDQ) program was created for communities of that region with the 1991 reauthorization of the MSA, but no similar program was created at that time for small, rural communities of the Gulf of Alaska.

Throughout the 1980's, small boat fishermen in the Gulf of Alaska survived on salmon and herring with some winter crab fishing. However, salmon prices and then herring markets began to decline in the 1990s. At the same time, the North Pacific Fisheries Management Council was in the process of rationalizing halibut and sablefish. Groundfish were being caught by a large trawl fleet in shorter and shorter seasons. Just when rural small boat fishermen would have switched to catching other marine resources, they were excluded from the fisheries.

Combination Fishing

Combination fishing had been kept fishing families alive as market values and allowable catch fluctuated. With increased rationalization, the ability to adjust has

been dramatically reduced. The inability of our community fishermen to sustain their "combination fishing" livelihoods is a direct result of fisheries regulatory changes.

Fishermen understand that there will be a fluctuation in stocks based on the annual stock assessments or in-season management. Fishermen understand that markets will also rise and fall. What is difficult for fishermen, especially in small remote communities, is the increasing restrictions on who is allowed to fish and that a resource once readily available to them is now suddenly reduced to an expensive—and unaffordable—commodity. Small coastal community fishermen simply do not have the capital or access to capital to leverage the cost of buying into new rationalization systems.

Number of Small Boat Fishermen in Precipitous Decline

The halibut and sablefish quota program created immense wealth for many initial recipients but in the past ten years, lacking any or sufficient initial issuance of halibut quota, and unable to sustain themselves on remaining fisheries, most small boat fishermen have been forced out of business.

For example, in the Kodiak Management Area alone, active salmon purse seine fishermen have dropped from about 300 to less than 120 in the past ten years. This scenario has repeated itself around the Gulf over and over again. The community of Old Harbor went from 61 permits fished in 1995 to 17 fished in 2004. In that same time period, the community of Sand Point went from 226 permits fished to 148, the community of King Cove went from 142 to 68, the combined Chigniks from 67 to 43, Seldovia from 67 to 38, Port Graham from 10 to 3, Ouzinkie from 35 to 13, Perryville from 142 to 65. In Southeast Alaska, Yakutat went from 194 permits fished in 1995 to 162 in 2004, Kake from 83 to 33, Hoonah from 148 to 70, Craig from 300 to 204, Klawock from 54 to 35, Hyderburg from 64 to 30, Pelican from 98 to 39, Angoon from 77 to 7. The list goes on and on.

While some of this shift was absorbed by increased fishing effort through consolidation, the majority of the fishing effort has migrated out of these communities. These numbers mean a huge loss to these communities in terms of dollars and infrastructure. In a ten-year period many of these communities have had their fishing effort reduced by as much as 90%.

As IFQs came on the scene, many in the small communities no longer had access to halibut and sablefish which were needed to diversify the income producing capability in the communities. Adding to this situation was the previous collapse of the crab fishery—both Tanner Crab and King Crab— in the Gulf. This "deadly combination" of events was like the "Perfect Storm" for many villages and communities...it took away their ability to diversify.

Amendment #66 to the Halibut and Sablefish Fishery Management Plan

At the encouragement of the GOAC3, the NPFMC researched and recognized the negative impacts of the halibut and sablefish rationalization program on smaller Gulf coastal communities and, in April 2002, passed Amendment #66 to the Halibut and Sablefish Fishery Management Plan creating the Community Quota Entity (CQE) program to allow smaller Gulf of Alaska coastal communities to purchase halibut and sablefish. Again, timing was not good. Quota shares that had sold for \$10.00 per pound in 2002 when the CQE program was introduced at the Council sell for more than \$20.00 per pound in 2005. Despite a subsequent State of Alaska statutory change that allows community quota groups to be eligible for low-interest State loans, unless a fisherman has a base of quota from initial issuance or from available capital when the price was much lower, prospective fishermen simply cannot afford to enter the fisheries, economically justify or pay debt service on quota that is this expensive. The CQE program is a good program but, it needs funding if it is to actually assist communities.

The way to provide community fishing flexibility is through a combination of both purchase ability and initial issuance of quota share, or the equivalent.

Amendment 66 for (CQE program) was designed to help provide the opportunity to get halibut and sablefish back into the communities. This is a purchase only program and requires funding. A community fishing quota combined with a purchase capability program, however, will provide the appropriate combination to help communities leverage their assets to keep fishing effort in their communities. With some basic infrastructure improvements, and access to fisheries, young people may once again be able to look forward to living in the small communities and making at least part of their livelihoods from commercial fishing.

Conference on Managing Fisheries/Empowering Communities

In April of 2005, the North Pacific Council co-hosted with the National Marine Fisheries Service Restricted Access Management Division and the Alaska

Department of Fish and Game a conference entitled “Managing Fisheries/ Empowering Communities.” The questions raised and the subsequent discussions at this conference only reinforce the sense of frustration and urgency that our coastal communities are feeling. The recommendations of that group include—

- (a) Communities need to be able to hold and own fishing permits for fisheries in their respective areas;
- (b) Residents do not want to be forever precluded from fishing resources near them simply because they did not happen to fish for that species during a short set of “qualifying years”;
- (c) Communities need reliable fishing employment to allow young people to remain. Currently, communities are “training kids out of the fishery” due to lack of opportunity;
- (d) Participation in (community fishing quota allows a community to leverage its existing level of fisheries utilization;
- (e) Instead of creating IFQs, make geographical CFQs that would tie residents to the resource;
- (f) Make sure that a provision exists in all quota or other limitation systems to provide an opportunity for an entry level component;
- (g) Strengthen National Standard #8.

We strongly concur with these conclusions.

Recommendations

To help address major impediments to the programs for fisheries and dependent small coastal communities, the GOAC3 recommends to the Subcommittee the following:

- (1) That community protections provisions in the MSA be strengthened. National Standard 8 sets a broad national policy of community protections, but this is generally not sufficient to encourage the regional management Councils to apply significant community protections as part of a rationalization program. This means a community quota share program at a sufficient level, as recommended both by the February 2004 GAO (General Accounting Office—now Government Accountability Office) report to Congress on Individual Fishing Quotas: Methods for Community Protections and New Entry Require Periodic Evaluation”,¹ and the 1998 National Research Council report “Sharing the Fish.”¹
- (2) Give the regional management councils sufficient options for them to make management decisions that are meaningful and beneficial to their respective communities;
- (3) Create national standards for any Dedicated Access Privilege (DAP) program which include requirements for community protections;
- (4) Congress should provide for a Community Fishing Quota program for Gulf of Alaska communities. The essence of community protection is long-term access to and control of the resource. Without dedicated quota shares in the rationalized fisheries, the communities and their economies are in serious jeopardy. (The GOAC3 will submit a proposal in the near future to deal with the acute and chronic impediments to community fisheries access that we have described);
- (5) Institute methods for biannual reviews of rationalization programs on impacted coastal communities;
- (6) Provide funding for community quota share purchase programs, such as Amendment 66;

¹“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—. fishery managers can give each community control over how to use the quota in ways that protect the community’s economic viability, such as selling or leasing quota to fishermen who reside in the community.” GAO Report # 04-277, February 2004, pages 2 and 12.

²“Sharing the Fish: Toward a National Policy on Individual Fishing Quotas”, National Research Council, December 1998, recommendations to Congress and/or regional management councils regarding guidelines for IFQ programs, include (a) allow the public to capture some of the windfall gain sometimes generated from the initial allocation of quotas in new IFQ programs, (b) Councils should avoid some of the allocation controversies encountered in the past by giving more consideration to who should receive initial allocation, including crew members, skippers, communities and other stakeholders, (c) councils should avoid taking for granted the “gifting” of quota shares to the present participants in a fishery, just as they should avoid taking for granted that vessel owners should be the only recipients of quota and historical participation should be the only measure for determining initial allocations, (d) when designing IFQ programs, councils should be allowed to allocate quota shares to communities or other groups, as distinct from vessel owners or fishermen.” P.9

(7) Strengthen the assessment of “cumulative social impacts” as discussed in the National Marine Fisheries Service Social Impact Assessment (SIA) Guidelines so that these impacts are actually factored into the decision-making process. The Gulf of Alaska Coastal Communities Coalition is supportive of the existing fisheries management system in general. However, the GOAC3 strongly urges increased community protections and increased opportunities for stakeholder participation, through dedicated community seats on the Councils, increased community participation within subcommittees, or other means.

On a related issue, the GOAC3 is on record opposing the permitting of finfish aquaculture within the EEZ. The Coalition does this based on research that strongly indicates that wherever there are near-shore or off-shore aquaculture programs, the local communities ultimately pay a heavy price rather than see a benefit. The dangers of aquaculture to viable wild finfish stocks are well known. This Coalition is not opposed, however, to shellfish aquaculture within State waters. It currently seems the benefit ratio, as long as it is not impacting wild stocks, is relatively good for shellfish.

Conclusion

Thank you again for the opportunity to testify today on behalf of the fishermen, residents, and organizations that comprise the Gulf of Alaska Coastal Communities Coalition in trying to keep small Gulf of Alaska fishing communities alive. If current trends continue, it seems improbable that most of the small coastal communities of the Gulf of Alaska will have any commercial fishing in a few years. Unless real steps are taken soon, this period will be known as the death knell for many of these communities. Fishing is what has sustained them for countless centuries, their fishing families and their social, cultural and economic fabric. Fishing is what has kept these communities economically viable. They are seeking a hand up, not a hand out.

This is not hyperbole...this is reality. These communities are at an historical crossroads...the Congress therefore is at such a crossroads. If the Congress does not provide strong guidance and assistance to fisheries-dependent communities through the MSA reauthorization, it will see further out-migration of fisheries opportunities and capital to residents and businesses of states other than Alaska.

Importantly, if this occurs, Congress will have missed a unique opportunity to help ensure that rural communities in the Gulf of Alaska will not become relegated to the dustbin of history, and will be able to participate in Alaska's, as well as the Nation's, economy into the future. If a substantial portion of these communities do not survive because modest, common sense and equitable steps are not taken today, when all are on notice of the precariousness of the situation, then decision makers will have allowed this to happen. If that should occur, something absolutely unique and irreplaceable will have been squandered. Mr. Chairman and Members of the Subcommittee, we implore you not to allow this to happen.

Thank you for your courtesy and consideration in affording the GOAC3 with this opportunity to present these views today. We are eager to work with you, members of the Alaska Delegation and other affected parties to craft legislative language that is fair and effective in addressing the issues we have raised with you today.

Mr. GILCHREST. Ms. Childers.

STATEMENT OF DOROTHY CHILDERS, EXECUTIVE DIRECTOR, ALASKA MARINE CONSERVATION COUNCIL

Ms. CHILDERS. Thank you, Chair Gilchrest. My name is Dorothy Childers. I'm the executive director of the Alaska Marine Conservation Council. We are a community-based organization made up of fishermen, traditional subsistence harvesters, small business owners, biologists, and families throughout coastal communities in Alaska. Our mission is to protect the health and diversity of our marine ecosystem. And we do that by working to improve fisheries management to minimize bycatch, prevent overfishing, protect habitat, and promote community-based fishing opportunities, all existing objectives in the Magnuson-Stevens Act. We believe that enabling communities to have access to our fishery resources combined with strong conservation management preserves and

promotes both healthy economies and the ecosystems that our fisheries depend on.

First, I would like to concur with the accolades made by others that the North Pacific is the best managed fishery in the United States because the North Pacific Council has instituted certain positive practices. Some of these include, as has been said by others before me, the allowable catches set below the biological limit, sensitive areas have been protected from bottom trawling, seabird interactions have been reduced in longline fisheries, local fleet allocations. The Council allocated a portion of the Bering Sea cod fishery to local boats in the Aleutians Islands and this has enabled low impact local fisheries to take hold in an otherwise industrialized Bering Sea.

Beneath these and other positive aspects of our fisheries, however, lies a more subtle critique which we believe is important to recognize and address if we are to be really true to the goal of long-term sustainable fisheries, healthy ecosystems, and vibrant communities. And there are a number of aspects of our management that need to be improved in the North Pacific, both to address conservation needs identifiable today as well as to prepare for problems that are likely to arise in the future. And these are outlined in my written testimony.

I won't go into it here, all of them here, except to mention that in terms of ecosystem-based management, we feel very strongly that habitat research should be a feature of what is encouraged to move us in that direction of ecosystem-based management. And I would concur with other speakers that the research component is important and without understanding the habitats that our fisheries rely on, we will never have ecosystem-based management. So we would like for Congress to encourage and facilitate that happening.

Today I want to focus on a very significant change in fisheries that is happening with the development of dedicated access privileges. Individual fishing quotas or other kinds of dedicated access privileges are often promoted as management tools that have conservation and economic benefits as a natural consequence of slowing down the race for fish and making fisheries more efficient.

Our look at the case studies from around the world show that the natural trend is toward increasing consolidation of participants in a fishery, absentee ownership, and leasing fishing access to sharecropper harvesters and communities bereft of vibrant working waterfronts. At times conservation benefits are hard to measure. The promise that dedicated access programs will be a panacea for solving a wide array of problems just by slowing down the race for fish is in our view a myth.

The lesson then is that particular outcomes for conservation or fishing communities are not achieved unless they are an explicit part of the program design. Having said that, we also support well-designed rationalization programs. So in order to get to well-designed programs, we are recommending that Congress adopt guidelines for dedicated access privileges to guide regional councils in the development of specific programs.

Dedicated access is going to change the face of our fisheries forever. And whether that's good or bad, the consequences will be

large and long-lasting. So it's critically important to design them properly for intended outcomes. Guidelines in the Magnuson-Stevens Act would ensure that new dedicated access plans serve conservation effectively and promote the working waterfront of our fishery-dependent communities.

We recommend the following standards or guidelines be included in the Magnuson Act.

Objectives. We feel that the programs must contain specific and measurable objectives defining the biological, social, and economic goals of each program. Programs should be designed with incentives to reward clean fishing. That is, such as promoting low bycatch, preventing high-grading, and minimizing habitat impact.

Programs should be of limited duration. Before the end of each term of duration, programs should be subject to a scheduled review. If programs are meeting their objectives, they should be continued for another term. And if not, they should be modified to better achieve the objectives as a condition of their continuation.

New entrants. Programs should create reasonable opportunity for future generations of independent fishermen to enter the fisheries, and that means reducing barriers that will arise if these programs aren't designed properly.

Maintaining active participation in fishing. Programs should preserve existing characteristics of diverse independent fishing fleet by retaining the percentage of the catch that is harvested as owner-on-board. That ensures that the owners of the opportunity to fish are the people catching the fish. And also to prevent excessive consolidation.

Our last point is the question of data collection and disclosure. We feel that programs that dedicate access for a public resource to private individuals should require transparency of ownership of the fishing quotas, transparency in quota transfers and leasing, and agreements that govern the use of quota. This kind of information is needed for managers to understand who actually controls quota as a prerequisite to enforcing caps on consolidation.

And, finally, we urge Congress to promote competitive markets. We don't think that Congress should authorize controls on markets through processing quota or limiting what processors are eligible to buy fish. These are barriers to competition and they ultimately affect individual fishermen and their opportunities to participate and enter the fishery.

We don't think that it's in Alaska's or the nation's interest to limit entrepreneurial activity in the seafood business. And so we would recommend Congress look to other non-permanent means to assist processors in adapting to the transition from open access race for fish fisheries to slower paced fisheries. We think that that transition could occur without permanent rights to buy and sell fish.

So, in summary, AMCC appreciates the work that Congress did in the 1996 reauthorization. We urge the Committee to maintain these existing provisions to minimize bycatch, prevent and end overfishing, protect habitat, and promote our communities. And to build on these positive steps, AMCC recommends establishing standards for dedicated access privileges as guidance to the regional councils.

And thank you again for the opportunity to be here. I hope that you'll have an opportunity to look at our written testimony and the more specific conservation recommendations that we make there.

Mr. GILCHREST. Thank you very much, Ms. Childers. We will look at that on our long journey home.

[The prepared statement of Ms. Childers follows:]

**Statement of Dorothy Childers, Executive Director,
Alaska Marine Conservation Council**

Members of the Subcommittee:

Thank you for the opportunity to testify on the important issues associated with the Magnuson-Stevens Fishery Conservation and Management Act reauthorization.

The Alaska Marine Conservation Council (AMCC) is a community-based organization made up of fishermen, traditional subsistence harvesters, small business owners, biologists and families. Our mission is to protect the health and diversity of our marine ecosystem. We do that by working to improve fisheries management to minimize bycatch, prevent overfishing, protect habitat and promote clean, community-based fishing opportunities—all existing objectives in the Magnuson-Stevens Act. We believe that enabling communities to have access to our fishery resources, combined with strong conservation management, preserves and promotes healthy economies and ecosystems on which our fisheries depend.

North Pacific as a Model for Fisheries Management

The North Pacific is often promoted as a model for fishery management in other regions. The implication is that if other regional councils were raised to the standards employed here in the North Pacific, overfishing and a myriad other problems would be solved. The North Pacific has achieved the accolade of being the best managed fishery because there are no declared overfished groundfish species in Alaska and because the North Pacific Fishery Management Council has instituted certain positive practices including the following:

- **Optimum Yield Cap**—The Council established a 2 million metric ton cap on the total amount of groundfish that can be harvested annually from the Bering Sea and Aleutian Islands. In the Bering Sea, the amount of fish that could be taken based on maximum sustainable yield would be higher than the 2 million metric ton cap. So the cap has put the brakes on even larger landings that would have been permitted if the total allowable catch were based only on biomass estimates.
- **Total Allowable Catch is Set Below Biological Limit**—The Scientific and Statistical Committee (SSC) sets the Acceptable Biological Catch (ABC) and the Council sets the total allowable catch (TAC) at or below this limit for each groundfish species. Setting the TAC below the biological level serves as a buffer, which helps to account for uncertainty in stock assessment models. This practice has prevented political influence from persuading the Council to exceed scientifically established fishing limits.
- **Bottom Trawl Closures**—The Council has closed several large areas to bottom trawling (Southeast Alaska, Bristol Bay, a zone around the Pribilof Islands and, most recently, 60% of the fishable grounds in the Aleutian Islands). Some of these actions were crisis driven to protect collapsed crab populations while others prevent destructive fishing practices in sensitive areas containing coral and other living habitat features.
- **Observer Program**—The Council established an observer program to monitor catch and bycatch in groundfish fisheries. The program has provided important data for evaluating fisheries performance and controlling trawl fishery bycatch of certain species including halibut, crab, salmon and herring.
- **Bycatch Reduction**—Estimated total bycatch in the North Pacific has reduced by 50% since the last reauthorization.
- **Seabird Protection**—Through an industry/agency/Council partnership, the longline fleet has adopted creative technology to reduce fatal interactions with seabirds including the endangered short-tail albatross.
- **Small Boat Allocation**—The Council allocated 2% of the Bering Sea cod fishery to jig boats. This, along with allocations to other small fixed gear fleets, has enabled low-impact local fisheries to take hold in the otherwise industrialized Bering Sea. Similarly, the State of Alaska allocated 25% of the federal cod TAC in the Gulf of Alaska to jig and pot vessels only, which revived opportunities for clean, community-based fleets.

These attributes deserve recognition and a note that they are measures that help implement legal requirements in the Magnuson-Stevens Act. Beneath these positive aspects of our fisheries, however, lies a more subtle critique, which we believe is important to recognize and address if we are to be true to the goal of long-term sustainable fisheries intended by the Magnuson-Stevens Act and healthy ecosystems:

- While it's important to set the TAC below biological limits, the question then is how biological limits are set. Some aspects of setting biological limits are worthy of conservation improvements. For example, some of the most vulnerable species, such as rougheye rockfish that live to be over 200 years old, are managed as one large population across the vast Bering Sea and Aleutian Islands region, without regard to localized populations or their fidelity to specific locales or habitat features. Overfishing appears to be occurring in some areas though the problem is not represented in catch statistics for the region as a whole. Continuing to manage this way is likely to mask an overfishing situation, which would be especially serious for long-lived, slow recovering species like rockfish.

As a second example, the tragic legacy of crab fisheries in Alaska is that almost every crab fishery in the central Gulf and Bering Sea is either significantly reduced or closed due to population declines. Policy makers are content to accept the hypothesis that these declines were caused only by changing oceanographic conditions even though there is evidence that exploitation rates were too high in some cases and continued impacts are occurring from the use of bottom trawl gear in sensitive areas.

Finally, for other species, such as pollock, it may be important to take into account other food web dynamics. The depleted fur seal population of the Pribilof Islands feeds in the same area that large-scale fisheries occur. While the islands and surrounding waters are critically important for breeding and raising pups and the fur seal is culturally important to the Aleut people who live there, such ecosystem factors are not taken into account when setting overall fishery catch limits.

- The Council and NOAA Fisheries Alaska Region have recognized that bottom trawling is the most damaging fishing practice and has closed some large areas as a result. The problem is that, as fishery managers acknowledge, we don't know the habitat requirements for virtually any groundfish species in the North Pacific. Furthermore, there is a significant dearth of information about where sensitive habitats are located, such as the distribution of coral and sponge habitats or other sensitive living seafloor structures. Very little mapping has been done to evaluate the condition of these habitats, assess habitat degradation or enable habitat conservation to be pursued in a more systematic fashion.
- The observer program allows for data collection on only about 15% of the groundfish catch in the Gulf of Alaska. This problem has persisted since 1995 when improvements designed to fix this and other problems were rescinded. More and higher quality data are needed to track these fisheries and understand fishing practices and their effects more clearly.
- Bycatch has been reduced from over 600 million pounds in 1997 to an average of 300 million pounds since 1998. This is a gratifying improvement generated primarily by the requirement that all trawl vessels must avoid or retain the catch of juvenile pollock and cod. However, measures to reduce bycatch in some of the most indiscriminate fisheries (for Bering Sea flatfish) have been postponed three times and are not likely to be implemented before 2007, a full 11 years after Congress passed the Sustainable Fisheries Act. In 2003 these bottom trawl fisheries collectively wasted 30% of their catch; some vessels throw away at least half of their catch of certain species. Finally, measures to minimize salmon bycatch in Bering Sea trawl fisheries have not succeeded but the bycatch has dramatically increased in recent years to about 500,000 salmon taken in 2004 in the pollock fishery.

We appreciate that the Council is committed to working on some of these outstanding issues, including rockfish conservation, salmon bycatch and the observer program. However, these glass-half-full and glass-half-empty views of our fisheries provide a snapshot of the strengths and weaknesses of the North Pacific system today and a basis for how Congress can amend the Magnuson-Stevens Act so as to capture the positive features of the North Pacific and further build on the Alaska experience to take all the Nation's fisheries to a higher level.

Applying Lessons from the North Pacific to Magnuson-Stevens Act Reauthorization

We recommend that the Magnuson-Stevens Act be amended to strengthen the role of science in decision-making, a strong recommendation by the U.S. Commission on Ocean Policy. Specifically, we recommend 1) institutionalizing the North Pacific practice of setting TACs at or below biological limits established by the SSC, and

2) increasing the role of the SSC in determining other biological needs that regional councils would then need to act on. These needs might include, for example, establishing habitat priorities, ecosystem parameters, or refinements to setting ABCs to take into account special life history characteristics, predator/prey interactions or other ecosystem considerations.

My experience as a participant in the Council process is that the SSCs advice on catch limits is always heeded. On other matters, however, the council's response is inconsistent. With a clearer and more substantive role, as recommended by the U.S. Commission on Ocean Policy, this irregularity could be remedied without changing the regional decision-making system.

In addition, AMCC supports maintaining the conservation provisions added to the Magnuson-Stevens Act in the 1996 reauthorization. We advise against rolling back any of the provisions (including the overfishing guidelines for rebuilding overfished species) and believe all councils can and should come to terms with those basic requirements to minimize bycatch, end overfishing, protect habitat and promote communities.

New Challenges that the Magnuson-Stevens Act Should Address

1. Ecosystem-Based Management

The U.S. Commission on Ocean Policy was clear in its report that the primary new challenge to the federal government is to build an ecosystem-based approach to ocean management including fisheries. Substantial discussion is underway about how to achieve this goal ranging from changing the ocean governance system to technical changes that build ecosystem parameters into fishery stock assessment models. From our standpoint, the ecosystem challenge needs to be met at many levels of decision-making.

Our particular interest is building better mechanisms for considering habitat in fishery management decisions. As described by the U.S. Commission on Ocean Policy¹, good information on the distribution of habitats, ecological functions and sensitivity of habitats to fishing impacts is a cornerstone of ecosystem-based fisheries management.

The Council has made some positive decisions that protect sensitive areas but well-informed ecosystem-based management needs better information on what habitat is where. The Alaska Fisheries Science Center has accomplished some impressive habitat mapping work using sophisticated technology; we urge Congress to authorize funds to be spent on continuing this kind of research and giving priority to habitat mapping in research funding authorizations.²

Habitat conservation can be a very controversial matter sparking heated debate but that is most often driven by a lack of information about what habitats are at risk, where they are located and the level of impact occurring. Despite the heated debates, I've never heard a fisherman say he didn't think habitat was important. Ultimately progressive solutions lie in effective research yielding practical maps and data to inform scientists, stakeholders and decision-makers and enable creative ways to protect habitat while maintaining economically viable fisheries.

2. Dedicated Access Privileges

Individual Fishing Quotas (IFQs) or other kinds of dedicated access privileges are often discussed as fishery management models that are expected to have conservation and economic benefits as a natural consequence of slowing down the "race for fish" and making fisheries more efficient. However, IFQ case studies from around the world show that their natural trend is toward increasing consolidation of participants in a fishery, absentee owners leasing fishing access to sharecropper harvesters, ill-defined conservation benefits and communities bereft of a vibrant working waterfront. The promise that dedicated access programs will be a panacea for solving a wide array of problems just by slowing down the race for fish is a myth. The lesson is that particular outcomes for conservation or the preservation of fishing communities are not achieved unless they are an explicit part of the program design. The National Research Council emphasized the importance of program design in its report to Congress:

¹ USCOP, 2004. Final Report, p. 297. "...maintaining healthy, functioning habitats is an essential element of an ecosystem-based approach."

² This recommendation is supported by the USCOP and North Pacific Research Board:

USCOP, 2004. Final Report, p. 298. The USCOP recommended "...an extensive research and development program to...identify habitats critical to sustainability and biodiversity goals."

NPRB, 2004. Draft Science Plan, p. 78. "...basic research is needed to characterize habitat and its relationship to fish, to assess direct and indirect effects of fishing gears...and to determine the overall ecosystem function of specific types of habitat."

Confusion, conflict, and ambiguity about the relative importance and value of the objectives of an IFQ program can result in contradictions and inconsistencies in its design and implementation, making the program more vulnerable to unintended consequences and less likely to succeed.³

Dedicated access programs are going to change the face of our fisheries forever. Whether good or bad, the consequences will be large and long lasting so it's critically important to design them properly for intended outcomes. Standards in the Magnuson-Stevens Act would ensure that new dedicated access plans serve conservation effectively and promote the working waterfront of our fishery-dependent communities. AMCC recommends that Congress adopt the following standards to guide regional councils in the development of specific programs:

- Objectives—Programs must contain specific and measurable objectives defining the biological, social and economic goals of the program.
- Conservation Benefits—Programs should be designed to reward clean fishing (e.g. promote low bycatch, prevent high-grading, minimize habitat impacts).
- Limited Duration—Programs should be of limited duration (7-10 years). Before the end of each term of duration, programs should be subject to review. If programs are meeting their objectives, they should be continued for another term. If not, they should be modified to better achieve the objectives as a condition of their continuation. Regional councils should also be able to make minor course corrections as needed within a term of duration.
- New Entrants—Programs should create reasonable opportunity for future generations of independent fishermen to enter the fishery.
- Maintain Active Participation in Fishing—
 - Preserve existing characteristics of today's diverse independent fishing fleets by retaining the percentage of the catch that is harvested as owner-on-board.
 - Prevent ownership of fishing privileges by individuals or entities not otherwise associated with the fishery.
 - Prevent excessive consolidation.
- Data Collection & Disclosure—Programs that dedicate access to a public resource to private individuals should require transparency of 1) ownership of fishing quotas, 2) quota transfers and leasing, and 3) agreements that govern the use of quota. Such information is needed for managers to understand who controls quota as a prerequisite to enforcing caps on consolidation. This may be especially important as it applies to cooperatives.
- Competitive Markets—Congress should not authorize controls on markets through processing quota, limiting what processors are eligible to buy fish or requiring independent fishermen to deliver the catch to specific markets. All of these restraints are barriers to competition. It is not in Alaska or the Nation's interest to limit entrepreneurial activity in the seafood business. We recommend Congress look to other non-permanent means to assist processors in adapting to the transition from the open access "race for fish" to slower-paced fisheries.

Summary

AMCC appreciates the work Congress did in the 1996 reauthorization and we urge the committee to maintain these existing provisions to minimize bycatch, end overfishing, protect habitat and promote communities. To build on those positive steps, AMCC's specific recommendations are:

- Improve fisheries management in all the regions including the North Pacific by strengthening the use of science in management through greater adherence to recommendations by the Scientific and Statistical Committees on the setting of total allowable catch and other aspects of management such as establishing habitat priorities, ecosystem parameters, or refinements to setting ABCs to take into account special life history characteristics, predator/prey interactions or other ecosystem considerations.
- Enable habitat research by authorizing funds and giving priority to mapping living seafloor habitats and determining their ecological functions as a critical tool to move our fisheries to an ecosystem-based approach.
- Establish standards for dedicated access privileges as guidance to ensure fishery managers achieve community and conservation goals as they develop programs at the regional level.

Thank you again for this opportunity to provide AMCC's perspective to the committee.

³National Research Council, 1999. Sharing the Fish, Toward a National Policy on Individual Fishing Quotas. P. 197.

Mr. GILCHREST. I want to thank all of you for your testimony. And a quick comment before some questions. I live in a tiny little place called the eastern shore of Maryland which is a tiny little spot on the Chesapeake Bay, which is one of the few places on the East Coast that can still be considered dark at night. It's agriculture and it's fishing. It was described one time in a local newspaper as a landscape that's carpeted with farms and dotted with fishing villages. And we feel passionate about the small farmers and the small waterman, as we call them there, because they've been economically viable for 300 years or more.

So when you talk about change to us, everybody's ears perk up. And we look at economic growth as a bad thing, because we have economic—we have a dynamic economy that is fine the way it is. And economic growth to us means change that disrupts this economy that we've had for 300 years.

And as we pursue this reauthorization, we get a sense, having been here for just about less than 24 hours now in Kodiak, that each of you has a passion for this beautiful spot. And any change I am cognizant of your testimonies in Magnuson really will have a direct impact on your livelihood. So we want to be very careful as we pursue this.

So a couple of questions. The question will be to each of you that wants to answer it. That word again raised by the Mayor of Kodiak, gentrification, we would like to pursue a rationalization program that does not have as its primary result a gentrification of the fishing industry up here. Now, how do we do that from Washington?

I think the Council is pursuing, as Ms. Madsen described, a controlled gentrification process that's fair rather than an uncontrolled gentrification process that is not fair. Do we need, from each of your perspectives, to change National Standard 8 to deal with standards or guidelines for the North Pacific Council to pursue this rationalization, or do we not need to mention standards or guidelines other than what is already in the Magnuson Act right now?

So your recommendation to us, I know, Ms. Childers, you described how you would like to see us put in standards and guidelines in the Magnuson Act specific to deal with certain aspect of the fisheries. So I guess I would just like a general comment about standards and guidelines in the Magnuson Act directly related to the rationalization of the various fisheries.

Just one other short comment. Ms. Madsen seemed, and please keep her comments here in mind because she described to us a process that seemed to be transparent, open, and fair, in the rationalization process, but I would like to hear your specific comments. Since we're going back to Washington and we're not going to be back up here for quite some time, your comments are pretty important.

I don't know who we want to start with. Mr. Fields.

Mr. FIELDS. Mr. Chairman, I'll attempt to take the complex series of questions. It's hard to address all of those.

Mr. GILCHREST. I apologize.

Mr. FIELDS. With regard to the gentrification aspect of the fisheries, our advocacy and interest for community fisheries quota, that becomes one of the priorities within each of these rural

communities that could provide fishing opportunities for the young people trying to get started. And so implicit in our request for community fishing quota is an attempt to address the so-called gentrification of the fisheries or to provide fishing opportunities for young people in these communities.

I think a number of the things that Mayor Selby pointed out are tools that should be looked at. In reference to those general tools, I think guidelines in this regard would be helpful in terms of the national policy that over time these fisheries need to pass on to subsequent generations and that we don't pass a public resource into a limited number of players in perpetuity, Mr. Chairman.

So, yes, I would think guidelines or standards would be helpful. And I don't know that there's one solution for all fisheries and certainly not for a national policy. You know, owner on board is something that should be looked at. Limited leasing, very important. A proportional transfer of quota when quota is either leased or changed hands that would go into a pool that then would be re-issued, that's an option. Something that Ms. Childers referenced, the so-called Australian drop-through system where in every so many years you have a review and you create a new system and the old shares move on. All those are tools that could be used or looked at within a set of national guidelines, Mr. Chairman. Thank you.

Mr. GILCHREST. Thank you very much, Mr. Fields.

Mr. Stinson.

Mr. STINSON. Well, Mr. Chairman, I'll give this a shot. As we move through this concept of rationalization, I think we might move back to actually the definition of rationalization. Rationalization is to create rations from a limited resource. It refers to soldiers, sailors with a limited amount of critical resource. How do you allocate that resource amongst user groups or sectors of the users with a certain degree of equitability, understanding impacts on socio-economic aspects, things like that.

In the North Pacific we're moving through an evolutionary process. Certainly one of the first types of rationalization occurred in the salmon fishery where we created limited entry. We defined which people could participate in that resource, in that fishery. Later on we moved into halibut and sablefish. We made individual fishing quotas. And I think that's where a lot of the problem comes from or the concerns about the problem because certainly there were negative impacts to small coastal communities, the out-migration of history or IFQs to non-traditional users, or to those folks that had a better business model that could buy this IFQ.

There was a tremendous amount of consolidation that went on. I think we went from something like 3500 vessels pre-IFQ down to 1400 vessels post-IFQ. There was a tremendous amount of consolidation.

Certainly, as we went through AFA there was more, that was a different program. And now as we're going through crab rationalization, that's a different program. Each one of those is going to have positive and negative impacts on the associated users with it. As we move through rationalization say in the Gulf of Alaska, it's a very complex set of circumstances here. Certainly, it's more of a small boat community-oriented process.

At the same time, my sector, my group, Alaska Draggers, we're actually competing on an economic market with the folks that have gone through AFA. So if we're directed to operate under a different economic model than say what the fleet in the Bering Sea is, there's going to be inequities within that relationship.

We need to have the tools that are going to allow us to compete in a market-driven process, moving from a production-driven process as we're now in this race for fish. So I think that developing a set of guidelines that are fairly general in nature, would assist the councils in this process. But as we move through each fishery and each region, I don't think we want to be constrained so much that we're disenfranchising those folks that are already in the industry.

Industry folks have made the commitment, the financial commitment in the vessels and gear and the related business overheads that they're already engaged with. And they're concerned that their playing field may be radically changed in order to allocate to new—a different sector of folks. How do we address that balance is going to be critical, so I don't think we want to be too restrictive in the development of these guidelines.

Mr. GILCREST. Thank you, Mr. Stinson.

Ms. Bonney.

Ms. BONNEY. Yes, Mr. Chairman. I guess when I look at the history of the dedicated access privileges in the North Pacific, every one of the programs that's been developed has been unique and different. And to try to develop guidelines that are going to allow the different programs to evolve over time, I think is going to be very difficult. And I'm also concerned that when you look at a national guideline, the lessons that have been learned in the North Pacific, we're farther ahead than a lot of the other regions in the United States.

And so I personally like the regional approach. And I think, you know, if you look at what you see in Ketchikan versus what you see in Kodiak, if you went to Dutch Harbor, each one of those communities, those fleets, the processors, they're all unique. And I have trouble believing that we can come up with standards that are going to fit all the tools. And I tend to agree with Ms. Madsen that we're better off having the full suite available so that when we're all done with the design and we built the best program for whatever the fishery group that we're moving forward is, and, you know, in terms of I live in Kodiak. I've been here since 1983, 22 years.

And really the goal should be when you move toward rationalization, there are two mind-sets in this community. One is we don't want to go to rationalization. We're going to stand in front of the train. And I tell people on a regular basis, the train has left the station. And the goal should be to put all the luggage on the train so that when you get to the station, everything is there to build the appropriate program.

Mr. GILCREST. Good.

Ms. BONNEY. And I went through and read some articles about when we did salmon limited entry. And Kodiak was adamantly opposed to salmon limited entry in the early 70s. And all the arguments that we hear about Gulf rationalization were the same

under salmon limited entry. So I would suggest that people get their baggage together and get it on the train so that when we get to the station, we as a community as a whole will be better off. Thank you.

Mr. GILCHREST. Thank you very much, Ms. Bonney.

Mr. Benton.

Mr. BENTON. Thank you, Mr. Chairman. Listening to the other folks on the panel, what you hear about is the diversity of fisheries and circumstances in Alaska; that's one region, one state, and it is very diverse. If you think about that on a national scale, it becomes even more problematic. The kinds of criteria or standards that might be put in the Magnuson Act that could accommodate the unique circumstances in the Bering Sea and the unique circumstances in the Gulf of Alaska and the unique circumstances in the Gulf of Mexico versus the unique circumstances off Guam, that's going to be a very difficult task. I think that's why, for example, the council chairs have asked that they be given the latitude to do the job and address it on a regional basis with the unique circumstances they are facing.

Our organization supports rationalization programs. We've taken no position on who should be in, who should be out. We believe very strongly that councils are the best venue to sort that stuff out. I know in Alaska that for each of these programs that has been developed, there have been hundreds and hundreds of hours of testimony, thousands of pages of analysis, many, many iterations and opportunities for affected parties to become involved as you pointed out and as Ms. Madsen pointed out.

And just, you know, to put it in somewhat of a perspective, if you look at the programs here in Alaska, most people think about dedicated access programs, the new terminology, but the first one of those programs that was put into place or adopted was halibut/sablefish IFQ program, but that's not correct. The first program was the community development quota program. That was a community-based program. The IFQ program came along very quickly on the heels, but that was, you know, that was a community-based kind of program that was put together.

And the Council here has been able to address a number of different kinds of circumstances. They included skippers in the crab program. They've done halibut IFQ purchase programs for the Gulf coastal communities; Mr. Fields' organization represents a lot of those communities. In the charter boat IFQ program, there's provisions in there for community quotas in that program. And then the current Gulf of Alaska rationalization program, there's a whole slew of community protection provisions that are being looked at including community quotas. So the councils generally have the tools. There may need to be some refinement in that, but the point being to try to put something together on a national level is going to be difficult. And I wouldn't envy somebody the task of trying to figure that out. It's quite a Chinese puzzle.

Mr. GILCHREST. I wouldn't either envy somebody.

Ms. Childers.

Ms. CHILDERS. Mr. Chairman, may I add one thing.

Mr. GILCHREST. Yes, ma'am.

Ms. CHILDERS. Well, obviously, I do think that there needs to be more in the Act besides National Standard 8, and the reason is that dedicated access programs are sweeping in their effects. And I think that National Standard 8 by itself doesn't address it sufficiently. And it doesn't speak to the conservation expectations that we should have for IFQ or dedicated access programs.

And I really, with all due respect to Mr. Benton, I do think that Congress can design standards or guidelines that are appropriate nationally. The ones that I listed, and I will challenge myself to go through them again and see if I think there's some place where they don't make sense, but they're very basic concepts where, for example, every program has objectives that you can have a review that measures against those objectives and make course corrections to better achieve those objectives.

I mean, these things are basic. They're not meant to be at all micromanaging any council and any particular fishery. And I think that because of the sweeping nature of dedicated access and because Congress by allowing it, is allowing, you know, private access to the public's resource, that it's really Congress's responsibility to make sure that in doing so that certain things are met and certain expectations are achieved.

Mr. GILCREST. Ms. Childers, we will take a very close look at this particular aspect of the dedicated access programs rationalization. We want to create a framework that doesn't inhibit the Council but is certainly fair to all the people who have been participating in this fishery for such a great deal of time. We will deal with this in a very dedicated, comprehensive, competent fashion.

What you deserve here in Kodiak or Dutch Harbor or Ketchikan or anywhere else in the country from us is for us to be competent and informed and be influenced by the best available information. And as we go through this, that's exactly what we're going to do. And we want to create a framework for the councils so that initiative, ingenuity, and intellect will be the ingredients that create the various evolving aspects of the fisheries. So we will spend a lot of time on this issue.

I wanted to ask just a couple other questions dealing with some other areas. If each of you would like to comment on the evolution into rationalization. The pursuit of good information has brought us to observers, either human or cameras, and data collection from both, every aspect of the fishery. And many of you this morning have mentioned the Freedom of Information Act and proprietary information.

And as we move forward with trying to collect data, and that does come up against whether or not there will be firewalls to proprietary information. There has been some recommendations to include in Magnuson some provision to create firewalls for information purposes. So if you could make some comments about how you would like us to proceed in that area, it would be helpful. Don't know where we want to start or who would like to make a comment on that.

Ms. Bonney.

Ms. BONNEY. Mr. Chairman, actually there is a recommendation in the Council's chair document that deals explicitly with this issue in terms of firewall protection. It deals with the concept of agencies

being able to share the information for management purposes, but only the aggregated data could be released.

We see that regularly in the council process where if you have three vessels' worth of information, then that's releasable, but anything less than that is withheld due to confidentiality issues. I also believe that the Agency is working on a draft, and I would look to that draft to see how they're thinking to protect that firewall.

There are other things that—issues that need to be considered such as if you have video cameras and there's someone gets injured on the vessel, that there needs to be some way to, you know, protect the vessel for that kind of information as well. So really, there's several pieces, the FOIA-bility in terms of releasing information where it's glassed on the front of a newspaper, and then also the issues of safety issues and liability issues on the vessel.

Mr. GILCREST. Thank you.

Mr. Stinson.

Mr. STINSON. Mr. Chairman, I concur with what Ms. Bonney has said. I've spent probably 20 years out on the water with sea time. And your boat becomes your home, and certainly we're engaged in a commonwealth or a public industry with a public resource. But at the same time, to invite intrusion into your home, your living area, your place of business on a 24-hour, 7-day-a-week basis, that information needs to be treated with discretion. And I think that's kind of a philosophical approach to this. There's certainly legal aspects that go beyond that. But as far as skipper, owner, and speaking for my crew members, we need to have certain limits on the intrusion into our privacy.

We need good data. We need to have the Agency have access to that. We need to look at species data, bycatch rates, a lot of other things, but as Ms. Bonney said, we don't need this information splashed across the front page of the newspaper. That's not necessarily what good science is, so thank you.

Mr. GILCREST. Thank you very much.

Mr. Fields.

Mr. FIELDS. Thank you, Mr. Chairman. I'll be brief. This is a complex area, but I think it's real important to appreciate that you're talking about numerous different kinds of information and different qualitative information. For example, information that provides competitive economic advantage or conversely would provide disadvantage, certainly that needs to be protected. But information that is perhaps embarrassing on an individual basis, let's say bycatch data for example, that's information about how a public resource is being exploited. And perhaps bycatch data is of a qualitatively different nature and should be treated differently.

For example, it's my understanding that in Canada when they went to individual bycatch reporting, they substantially improved their bycatch rates in Canada because the accountability that comes with individual reporting.

So in answer to your question, complex area, many types of data, some should obviously be protected, others perhaps as a matter of public policy should be made available.

Mr. GILCREST. Thank you very much.

Ms. CHILDERS. I just have a short comment, Mr. Chairman.

Mr. GILCREST. Sure.

Ms. CHILDERS. From the conservation standpoint, I think what's important is not individual vessel information in terms of the name of the vessel. I don't think anyone's interested in knowing the name of the vessel and how they're behaving, but rather having clearer information, more exact information, about where fishing occurs, and not who is there, but, you know, where fishing—how the fishing patterns really occur spatially is one example.

And the reason I say that is during our essential fish habitat deliberations, everyone was trying to build a solution that would freeze the footprints of the bottom trawl fishery in the Aleutian Islands. But there was great discrepancy about where the footprint really is, and the reason there was discrepancy is because the public is not allowed to actually know where the fishery occurs very exactly.

And the information that was finally used to define that footprint was confidential. And so it doesn't seem correct for the public to not be able to understand these kind of basic things about where fishing is occurring. And, again, we're not interested in who was there or, you know, that kind of personal information and business sensitive information, but rather to just be able to access the same information that the industry has in, you know, helping to come up with solutions and being a more constructive part of the process.

Mr. GILCHREST. Thank you very much.

Mr. Benton.

Mr. BENTON. Thank you, Mr. Chairman. As Mr. Fields pointed out, this is a very complicated and complex issue or can be. I don't believe anybody in the North Pacific wants to deny the Agency information it needs to manage fishery resources and other resources that need to be managed and to control the fisheries and know where fishing is occurring and what kind of fishing and what the effects of that fishing are. All that information is appropriate I think generally and widely supported that the managers and the enforcement agencies would have access to that information on as fine a scale as is, you know, cost effectively available. I mean, there's some cost issues involved and those have to be factored in.

One of the tools that is emerging, of course, is video remote monitoring of fishing operations which promises to provide a much more comprehensive data base at a much more cost effective manner on a broader fleet because just by the nature of how it can operate. And that information, in order for that program to be effective, that information is going to need to be protected in some manner and right now there's a lot of ambiguity about that. That needs to be clarified.

The kind of issue raised by Ms. Childers had much less to do with confidentiality than it had to do with the nature of the information that had been collected over the years by the observer program. The observer program was not necessarily intended originally to document very specifically where fishing occurred for what species and specific toe tracks. What it was really designed to do was to collect biological information on removals from general areas on a fleet-wide basis in statistically reliable cassettes of information to control the fisheries. That data was then used or attempted to be used to develop the essential fish habitat footprint that the Council eventually identified.

The problem was less that the public had access to it than that the Agency itself had difficulties in interpreting some of what that data meant. And when they got down to a fine enough scale to start looking at it, they found out that their toe tracks, some of them were inland and some of them were on top of rocks and some of them were in places that nobody had ever gone. And it was just an artifact of how data was entered into the system several years ago. That needed to get clarified and cleaned up. And it did, but it highlighted some problems that need to be reconciled in the observer program in a data collection system. But it had less to do with the confidentiality issue than it did with the structure of how data is collected.

Confidentially, what I think concerns the fleet, which you're hearing about, isn't whether or not bycatch information is embarrassing because that information is recorded. It's recorded on a fleet-wide basis or a subset of the fleet. The Agency, if it's a violation, the Agency has access to that information right now, and they can take appropriate enforcement action.

The kinds of information that I think people are the most concerned about is information that then gets misused and mischaracterized by people that either have an agenda or are unfamiliar with the data and how it's collected. And that's the kind of protection would need to be put in place in order for there to be good solid cooperation from the fleet.

You want to have the best information about where fishing is occurring, how it's occurring, what species are being taken, what effects that might have on other components of the marine ecosystem. The best program is going to have to have solid cooperation from the fleet, from the skippers, the people that participate. If they feel threatened that that's going to be misused against them in some in appropriate way, then you're not going to have that cooperation. That's really the fundamental issue that needs to be solved.

Mr. GILCHREST. Thank you very much.

Just one last question. We, if I haven't said this earlier, I think I may have, but we're going to leave the record open for 60 days. So the people that want to give us more information or participate will be able to do so. But I would like to continue this dialog certainly in the months ahead with all of you. And we can respond to this just very briefly for those of you who want to respond.

Do you see or would you recommend any change in the makeup of the councils? Do you see any need for any kind of council reform? You don't have to respond to that if don't want to. If you want to, you can say, no, yes, or—

Mr. Benton.

Mr. BENTON. I've always let these guys go first, and I'll go first this time. They can make potshots at me, Mr. Chairman.

You know, I served on the North Pacific Council for nine years and have 20-some odd years experience on the North Pacific Council. Through that time, I've also had experience with most of the other councils around the country. And in the course of my experience, at least in the North Pacific, when it comes down to a clear issue of conservation versus the pocketbook, I'm not talking about allocation issues where, you know, there's a, you know,

people are butting heads over an allocation matter. That's different. But I'm talking about when it comes down to very clearly conservation versus the pocketbook.

Time and time again, I've seen industry participants, both the conservation side of the equation against what logic would tell you is not necessarily in the interest of their pocketbook. And the easiest example of that of course is the catch level issue I mentioned in my statement, which is there have been many times when it would have been easy to vote to raise catch levels higher than what was recommended by the scientific advisors.

Sometimes it would be easy to raise catch levels higher than what was adopted by the Council and still stay within the level that the scientists provided. The industry representatives and the state representatives and the Federal representative on the Council consistently have supported going for the conservation side of the equation. That's a pretty strong statement about participation on fishery management councils.

When I served on our council, we had a lot of industry participants. I served both as a private citizen and as a representative of the State of Alaska. We had scientists. We've had environmental representatives or people that, you know, were considered to be environmental representatives, most of which, by the way, were involved in commercial fishing as well. And throughout the process, to me, there was never really a consistent pattern of people voting against conservation for the pocketbook.

That to me has been the chief criticism of the council process. That, you know, for some odd reason because we've got fishermen and others involved that have a stake in the fisheries, there's an automatic conflict of interest. And when I looked at the different reports that have come out the last two years, not one of those reports actually went and looked at the voting records. They did do a lot of interviews with people who raised concerns that that may be an issue, but they didn't actually go down and look at the voting record.

My experience has been that that conflict of interest issue really is to me a red herring. I think there are other things that need to be done. And the simplest way of dealing with that is to just tell the councils, you live within the amounts your scientists tell you is sustainable, you don't exceed it. And that goes a long way to just get that problem right off the table.

Mr. GILCHREST. You want me to put that into the Act as a direct line in the statute.

Mr. BENTON. I'm feeling the slings and arrows as I sit here, Mr. Chairman, but our organization does support that as a matter of fact.

Mr. GILCHREST. Yes, sir.

Mr. BENTON. Yes.

Mr. GILCHREST. Thank you. Anybody else on that.

Mr. Fields.

Mr. FIELDS. Mr. Chairman, from my perspective representing small boat fishermen in rural communities, I think access to the Council has been difficult in the past. Although I've been actually involved now about six years in the council process.

I'm reminded of an analogy, when you asked the question of the Council, with my five boys who tend to fight from time to time.

Mr. GILCHREST. You have five sons.

Mr. FIELDS. Five sons.

Mr. GILCHREST. Any daughters.

Mr. FIELDS. And one daughter.

Mr. GILCHREST. And one daughter. I'm one of six sons. My mother tried and tried, but gave up after six of trying.

Mr. FIELDS. Well, we tried as well, I guess.

Mr. GILCHREST. You were successful.

Mr. FIELDS. But, you know, it's sort of, you can fight, but you keep it in the family and the issues are internal to the family, you don't take it out of the family. And I think that's a lot about how my constituency feels about the North Pacific Council. There's things we'd like to get changed. There's things that we think could be improved with the Council, but they're not national policy things. They're not things that need to be embedded in Magnuson. They're things for me to talk to Chairman Madsen about and maybe the state representatives and, you know, I think that's the level for most of the concerns my constituency has, that things are going to be handled internal to the current council and the current council makeup, Mr. Chairman.

Mr. GILCHREST. Thank you very much.

All right, I want to thank each of you. This has been very informative and very, very—extremely helpful to us.

I think what we'll do is take a five-minute break.

(Off record).

(On record).

Mr. GILCHREST. If I could have your attention again, we will get started here. I do have to say this is a different experience than holding a hearing in Washington. I'll have to try to have refreshments and good conversation at our hearings from now on. It's also nice not to be interrupted by votes.

Well, thank you all very much. Our third panel will be Mr. Frank Kelty, Natural Resource Analyst, City of Unalaska; Mr. Glenn Reed, who his colleague said was always late. I'm not sure if that's fitting.

Mr. REED. Not true.

Mr. GILCHREST. Pacific Seafood Processors Association, welcome. Mr. Kevin Duffy, Executive Director, At-Sea Processors Association; Mr. Eugene Asicksik, President and CEO, Norton Sound Economic Development Corporation. Welcome, sir. Mr. Arni Thomson, Executive Director, Alaska Crab Coalition. Welcome. And Mr. Thorn Smith, Executive Director for North Pacific Longline Association. Thank you very much, gentlemen, for coming. We look forward to your testimony.

Mr. Kelty, you may begin, sir.

**STATEMENT OF FRANK KELTY, RESOURCE ANALYST,
CITY OF UNALASKA**

Mr. KELTY. Thank you, Mr. Chairman, and welcome to Alaska. For the record, my name is Frank Kelty. I'm the resource analyst for the City of Unalaska. Previously I worked in the Alaska seafood industry for 30 years and served as mayor of Unalaska for 10

years. I'll be testifying today in support of the regional council system and its positive impact on fishery-dependent communities such as Unalaska.

Since 1988, Unalaska has been the nation's leading commercial fishing port in the number of pounds landed. And in 2003, the community set a national record for pounds landed with 908.7 million pounds at a value of \$157 million.

Alaska's fisheries resources provide half of this nation's seafoods. Virtually the entire economic base of Unalaska is fisheries related, from fishing and seafood processing to fisheries support functions. The revenues that are generated from the seafood industry and support sector businesses have allowed the City of Unalaska to embark on a number of major quality of life improvements that have changed the face of Unalaska.

None of these improvements would have been possible without the investment of over \$400 million by the seafood industry and support sector businesses in our community. They made this investment knowing that it holds their own future and that of the community are sustained by a well-managed, healthy, and strong fisheries resource in the Bering Sea.

In Unalaska, we realize that the health and sustainability of the fisheries resources of the Bering Sea/Aleutian Islands is critical to our community's survival. We've seen firsthand what can happen to a community and an industry that supports it when a fisheries resource collapses.

When the Bering Sea red king crab fishery failed in the early 1980s, we went from harvesting 150 million pounds annually down to a closed fishery in three years time. The community faced seafood plant closure, support sector businesses failed or left the community, and 50 percent of the city's general fund revenues were gone overnight.

For over 28 years now, Alaska's annual groundfish fishery quotas have been set by the North Pacific Council at conservative, sustainable levels based on the best science available. As an added precautionary measure, the Bering Sea/Aleutian Island quotas for all groundfish combined have been tapped at 2 million metric tons annually, and not one of these groundfish stocks is overfished during that timeframe.

The council system was designed to work at a regional level that allows maximum participation by the stakeholders which is done in an open and transparent process. It is critical for fishery-dependent communities, and we support this system. The North Pacific Council works hard to create management measures that meet conservation needs and still supports fishery-dependent communities.

In the Bering Sea region, we have a very successful CDQ program for communities in Western Alaska. In the development of the crab rationalization plan, the North Pacific Council used a suite of protection measures for Bering Sea and Gulf communities. They included regionalization of crab delivery to communities based on historic landings, a right of first refusal on the sale of processor quota shares outside of the community, and the ability to buy quota shares and lease them within the community. These types of programs and others that may come forward are critical for the protection of fishery-dependent communities.

The challenges for the future in the North Pacific are many. They include the movement toward an eco-based management system. Although the industry and councils have done a tremendous job in the reduction of discharge and bycatch, work must continue in this area. A good example of such work is that being done by the industry in developing the salmon excluder device in pollock trawl nets.

The success story of fisheries management in the North Pacific is one of biological and economic stability. I'm going to say that again, biological and economic stability. That proves that the management systems in place in this country and the Magnuson-Stevens Act are far from broken. The work done by the North Pacific Council is now viewed as a model by many other fishery councils across the country.

The Council's work shows that the regional council system can and does work and that it should be supported. We believe the MSA provides an excellent framework for successfully managing fisheries resources in this country. This framework shouldn't go through any major changes in the reauthorization of the Act. Thank you for allowing me to testify. I look forward to answering any questions.

Mr. GILCHREST. Thank you, Mr. Kelty.

[The prepared statement of Mr. Kelty follows:]

**Statement of Frank Kelty, Natural Resource Analyst,
City of Unalaska, Alaska**

Mr. Chairman and Members of the Committee:

For the record, my name is Frank Kelty, and I am the Resource Analyst for the City of Unalaska, Alaska. Before becoming a Resource Analyst, I worked in the Alaska seafood industry for 30 years in Unalaska as a manager for two seafood processing companies. I also served the community as an elected City Council member for 19 years, the last ten years of which I served as Mayor of the City of Unalaska. In December of 2000, I resigned my position as mayor and council member to become the City Resource Analyst.

The City of Unalaska with its Port of Dutch Harbor is located in the Aleutian Islands, approximately 800 miles southwest of Anchorage, and 1,700 miles northwest of Seattle, Washington. The community enjoys a strategic location at the center of the rich fishing grounds of the Bering Sea and Aleutian Islands. Over the last 25 years, this community has seen tremendous growth and diversification which can be directly attributed to the commercial fishing and processing industry of the Bering Sea and Aleutian Islands. Unalaska, like other communities in the Bering Sea/Aleutian Islands, is located in one of the most remote areas in Alaska. We are not on the road system with the rest of Alaska, and we don't have a booming tourism industry. What we do have are the marine resources of the Bering Sea, upon which the harvesters, processors and communities depend to survive and thrive economically.

Unalaska's seafood plants process more Bering Sea/Aleutian Island groundfish and crab than those of any other community in Alaska. Since 1988, Unalaska has been the nation's leading commercial fishing port in the number of pounds landed, and in 2003, the community set a national record for volume landed with 908.7 million pounds, the value of which was \$157 million. From 1992 through 1999, Unalaska was ranked number one in the nation in the value of the fish landed, and since 1999, Unalaska has been ranked number two, behind New Bedford, Massachusetts, in value of fish landed. However, Unalaska continues to hold the national record in dollar value of seafood processed in a year; that record was set in 1994, with the value of the catch in Unalaska at \$224 million.

The Pollock fishery of the Eastern Bering Sea makes up approximately 85% of the fishery landings for Unalaska. This fishery is the nation's largest and most valuable with annual quotas in the 1.4 million metric ton range, or three-billion pounds, which clearly shows the importance of that fishery to Unalaska and other fishery-dependant communities in the Bering Sea.

The Alaska seafood industry is the State's largest private sector employer, providing over 35,000 jobs, and it is second only to the oil and gas industry in providing revenues to Alaska's general fund, contributing more than \$90 million in taxes and fees. National Marine Fisheries Service figures show that in 2003, Alaska state fishery resources accounted for 55% of this nation's seafood landings for a total of 5.3 billion pounds valued at \$1 billion.

The City of Unalaska has been a long-time proponent of conservation. The well being of our community depends on the sustainable use of the resources of the Bering Sea. Virtually the entire local economic base of Unalaska is fishery-related, from fishing and seafood processing, to fishery support functions, such as fuel sales, vessel repair, trans-shipment of seafood products, longshoring, marine equipment sales, groceries sales, vehicle rentals, fishing gear replacement and repair. The seafood industry and support sector businesses provide \$20 million in annual general fund revenues for the City of Unalaska, which is approximately 65% of the \$30 to \$32 million total annual operating budget for the City. I have provided some graphs with my written testimony that give a breakdown of City of Unalaska revenue streams from the early 1990s to the present. For your convenience, I have also included National Marine Fisheries Service reports on the current Bering Sea/Aleutian Island fishery quotas, and landing and value reports that focus on Unalaska and the State of Alaska.

The revenues that come from the seafood industry have allowed the City to embark on a number of major quality-of-life improvements that have changed the face of Unalaska over the past 18 years. Newly built facilities include an elementary school, an award-winning medical health facility, a community center, a new city hall facility, new public works facility, a new library, a state-of-the-art museum, park developments, road paving, utility upgrades, improvements in the high school and the aquatics center, and improvements to City-owned docks. The City has also made hundreds of thousands of dollars in funding available annually to local non-profits that provide such services as mental health care, alcohol and drug abuse programs, daycare programs, nutrition programs for senior citizens, and shelter and support for victims of domestic violence. Upcoming projects include a new power house, new boat harbor, improvements to the landfill and wastewater treatment plant, remodeling the airport, and additional road paving. None of these improvements and programs would have been possible without the investment of well over \$400 million by the seafood industry and support sector business in the community of Unalaska who made these investment decisions knowing that their own future and that of the community is sustained by the well managed, healthy, and strong fishery resource in the Bering Sea and Aleutian Islands.

In Unalaska, we realize that the health and sustainability of the fisheries resource of the Bering Sea/Aleutian Islands is critical to our community's survival. Fishing and seafood processing are all we have; they are our only industry. I have seen first hand what can happen to a community and the industry that supports that community when a fishery resource collapses. I lived and worked in Unalaska when the Bering Sea Red King Crab fishery failed. It wasn't pretty; we went from harvest of 150 million pounds annually down to a closed fishery in three years time in the early 1980s.

The community faced seafood plant closures; support sector businesses failed or left the community; 50% of the City's general fund revenues were gone overnight. This led to massive layoffs and cut-backs in projects. It took years for the City to get back on its feet. (This happen before the Americanization of the groundfish resource in the Bering Sea) Because of what we have seen happen with resource failures in the past, we support the North Pacific Fishery Management Council and the National Marine Fisheries Service in their efforts to set conservative catch limits for each species. For over 28 years, annual fishery quotas have been set at conservative, sustainable levels based on the best science, thorough scientific review, and current research. As an added precautionary measure, the Bering Sea/Aleutian Island quotas for all groundfish combined has been capped at two million metric tons annually, no matter what the recommended Allowable Biological Catch (ABC) levels. In the past 28 years, there has not been one groundfish stock considered as over-fished in the North Pacific. We do have two crab stocks in the Bering Sea listed as over-fished, but the stocks are currently in aggressive rebuilding plans. It should be noted that these two crab stocks, most likely, were impacted by climatic factors, rather than fishing activity.

The review process in the North Pacific is substantial for the setting of annual fishing quotas. After annual stock surveys are completed, stock assessment scientists recommend ABC levels for each species. These recommendations are reviewed by the Council's groundfish plan team (the Council also has a plan team for crab stocks). The data is further reviewed by the Council's Scientific and

Statistical Committee (SSC) prior to the Council setting of the Total Allowable Catch (TAC); the TAC is always set below the ABC level recommended by the SSC, and far below the over-fishing level. Science and research programs in the North Pacific are a priority for the North Pacific Council. The Council incorporates the science and research with reporting requirements, in-season management, industry-paid observer programs, conservative catch limits, limits on bycatch and discards, and habitat protection measures, all of which is done in an open and transparent process that involves stakeholders at all levels.

The Council system was designed to work at a regional level that allows maximum participation by the stakeholders, which is critical for fishery-dependant communities such as Unalaska whose livelihood may depend on the decisions made at the Council level. The North Pacific Council meetings allow many opportunities for public testimony, both written and oral, before the SSC, the Advisory Panel, and the Council. The Council also appoints many working committees that include stakeholders from all industry sectors and the environmental community, with assistance from agency members who work on specific issues. Considering the record of the North Pacific Council in the management of the federal water fisheries in Alaska over the past 29 years, it is hard to challenge a system that has worked so well in the long-term sustainability of the marine resources of Alaska. The North Pacific Council is now viewed as a model by many other fishery councils across the country. And has even been praised, by some environmental groups.

One of the major points in the successful management system in the North Pacific is that it is based on the use of the advice provided by the 15-member Scientific and Statistical Committee panel. Following their recommendations has led to science-based management decisions that have, in turn, led to sustainable fishing quotas. The North Pacific Council has successfully used the rationalization programs in their reduction efforts in specific fisheries. The nation's largest fishery, the Bering Sea Pollock fishery, operates entirely as a cooperative management regime. The Halibut/Sablefish fishery operates as an Individual Fishing Quota (IFQ) fishery. The Bering Sea/Aleutian Island Crab rationalization program, which is a rights-based program, goes on line this year, and the North Pacific Council is considering a Gulf of Alaska Groundfish rationalization program.

In addition, the Council uses license limitation programs in other fisheries in the North Pacific to mitigate over-capitalization. We believe it is very important that the authority for these types of decisions remain at the regional council level.

Habitat protection is another key element in the future of the fisheries; the North Pacific Council takes habitat impacts into consideration in all of their management decisions. The North Pacific Council receives an annual assessment from the groundfish plan teams as a supplement to their annual stock assessment report. Included in their annual report are updates on the status of on-going ecosystem research, local observations from fishermen and coastal people, and new information on the status of sea birds and marine mammals. In an effort to reduce potential impacts on coral, sponges and Rockfish habitats, over 380,000 square miles have been permanently closed to bottom trawling in the North Pacific. Included in those closures are also protected areas for crab, salmon, herring; and other habitat conservation areas, in addition areas for the protection of Steller Sea Lions have been in place for many years.

Coastal communities depend on the ocean resources, and the MSA-managed North Pacific Fisheries have met the subsistence and commercial needs of rural Alaskans. The Community Development Quota (CDQ) program is very successful for the Bering Sea communities, and non-CDQ communities are built upon the sustainability of the marine resources. The North Pacific Council works hard to create management measures that meet conservation needs while, at the same time, supporting a healthy coastal economy. For example, coastal communities in the Gulf of Alaska are allowed to purchase and hold halibut quota shares for community harvesters to use, and the halibut subsistence program has been revamped to allow subsistence fishing activities by certain rural residents and native tribes that hold on to their customary and traditional practices of using halibut to feed their families.

At this time, there are many issues that are of concern to Unalaska and other fishery-dependant communities in Southwest Alaska. The issue of the Steller Sea Lion is far from over. We have seen some recovery of Stellers in some areas of the North Pacific, but the recovery has been slow. Because of the significance of this issue, we support increased research on the possible reasons for the decline, and we are working to support the recovery of this important marine mammal. The emerging possibility of designating segments of the Bering Sea and Aleutian Islands (BSAI) as critical habitat areas for the Pacific Right Whale could have major economic impacts on the seafood industry of BSAI, which, in turn, will impact

communities that depend on the fishing industry for their economic livelihood. The possible listing of the Aleutian Sea Otters as endangered is of concern throughout the Gulf of Alaska and the Aleutian Islands. The continued decline Northern Fur Seal and sea birds in the Bering Sea is also a major concern in the region. The decline of many of the crab stocks in Bering Sea is a very important issue that is not well understood and that, therefore, requires increased research efforts. The formation of Marine Protection Areas (MPA) is an issue that could have major impacts in the BSAI and Gulf of Alaska, and it is an issue we will continue to monitor. We believe that the MPA should be formed at the regional council level and should be based on the best science available.

The challenges in the North Pacific for the future are many. They include the ways in which the movement toward an ecosystem-based management plan will allow for the extraction of fishery resources at sustainable levels for both the fish stock and the ecosystem. The North Pacific Council should continue to accommodate fishery-dependant communities in all of its management actions.

Work needs to continue on streamlining the regulatory process, including the improvement in the quality of the analyses of all proposed fishery management actions. Although the North Pacific Council and the industry have done an outstanding job in by-catch reductions and in protection of habitat, we should continue to work on by-catch reduction and habitat protection. Increased research funding is critical to the management process; we need to have the best science available to the fishery managers when they make their decisions.

Mr. GILCHREST. Mr. Reed.

**STATEMENT OF GLENN REED, PRESIDENT,
PACIFIC SEAFOOD PROCESSORS ASSOCIATION**

Mr. REED. Chairman Gilchrest, my name is Glenn Reed. I'm the President of Pacific Seafood Processors Association. I'd like to thank you for giving me the opportunity to testify today, and more specifically I'd like to thank you for the attention you've been paying to the panels. The questions you've been asking and the interest that you've shown in the issues, that's obviously critical to all of us that have come here today.

Since 1914, PSPA has represented seafood processing companies in the Pacific Northwest on matters relating to legislation and regulation that affect our members businesses. In the over-90-year history of our group, no piece of Federal legislation has had greater impact on the operation of the members of PSPA and the livelihoods of coastal Alaska than the Magnuson-Stevens Fishery Conservation and Management Act. The vast majority of these impacts have been positive.

I'm going to focus my discussion today on the rights-based management program. You've heard a lot of discussion about them so far. But specifically those programs in Alaska, their impacts on the stakeholders which include harvesters, processors, and coastal communities.

In Alaska, the North Pacific Fishery Management Council has designed and implemented more rights-based management programs than the rest of the Nation combined. More fish is managed annually through rights-based fishing in Alaska than any of the other seven regions managed individually under all of their management systems per region.

The largest fishery in North America, and one of the largest in the world, the Bering Sea pollock fishery, is managed under a cooperative rights-based system which is one of these programs that the North Pacific has implemented. The benefits to the Nation as a result of rights-based management include greater opportunities

for resource conservation and utilization, improved safety and opportunities for new product forms, expanding domestic markets, economic stability, and the list goes on.

It's important to note that all the fisheries in the North Pacific, including those managed through rights-based approaches, are managed through the use of total allowable catches based on recommendations of research scientists. This TAC process requires all fishing stop once the overall biological quota is reached. As a result, as you've heard, the North Pacific Region currently has no overfished groundfish stock.

Also, as was mentioned earlier, the first rights-based management system that the North Pacific Council implemented was the CDQ program or Community Development Program implemented in 1992. The program initially awarded 7.5 percent of the annual Bering Sea pollock harvest to 65 Native Alaskan communities in proximity to the Bering Sea taking a resource that was historically exploited by foreign fleets and granting it to the named communities as an economic engine for their future. The resource is available to all the participating sectors of the fishery. And I think others are going to speak—Eugene was going to speak more about the CDQ program in his testimony, so I'm just going to move on. I mentioned it as the first rights-based system that the Council passed.

The second rights-based system passed by the North Pacific Council was implemented in 1994 and was the Individual Fishing Quota system. This system awarded fishery resources in the halibut and sablefish fisheries to the historic harvesters of those resources. No other historic user groups were given any future rights. By allocating all the value of these two fisheries to one user group, the IFQ system created groups of beneficiaries or winners and several groups of disenfranchised perhaps or loser groups, to use a simple term.

The vessel owners were the winners. This in some cases was the actual harvester and some cases it was the owner of the vessel. Vessel owners enjoyed immediate wealth to pay for fishing operations and improve market opportunities.

Processing companies, communities, the State of Alaska, and perhaps crews were included in the groups of losers. Processors experienced bankruptcies, loss of investment value, loss of revenue. Communities experienced loss of tax revenues, loss of community job base, loss of service sector base. The state experienced loss of tax revenue and employment base, and crew members lost jobs and potential future opportunities.

The IFQ program is the only rights-based management program implemented in Alaska that awards rights exclusively to one group, any one group. All programs that have followed, have been more inclusive and have included more of the historical participants. No one is suggesting this program be changed. It's been in place for a long time. It has a lot of benefits, but I think from one person's perspective, this is some of both the benefits and the downside of the program.

The American Fisheries Act. After the experience of the IFQ model of rewarding rights to only one historic fishery participant, we congressionally approved the American Fisheries Act in 1998,

awarded rights in the Bering Sea pollock fishery to both harvesters and processors. By virtue of awarding rights to two groups, harvesters and processors, the AFA became the most inclusive rights-based system ever implemented in the United States.

This program provides the opportunity for harvesters and processors to form cooperatives based on their respective history and business relationship with each other. The benefit for the program flows through communities as well as local and state government, in addition to the historic fishery participants in both harvesting and processing sectors. This plan improved opportunities for resource conservation, increased state TAC and improved the economics of the fishery for vessel owners, the operators of processing companies, and the communities that depend upon both of them. The AFA system didn't take one group and make them wealthy at the expense of others. It improved the position of all of those participants considered in the program.

Crab rationalization. Later this year, the Bering Sea Crab Rationalization Program will begin implementation. This program is the most inclusive rights-based system designed in the United States to date and includes protection for rights for harvesters, processors, communities, and skippers. This program may have set a new world standard for inclusivity on awarding rights to public fishery resources. The success of the program over time will make the most dangerous jobs in America safer or provide increased economic stability for harvesters, processors, and communities as well as new market opportunities for all participants.

The rockfish rationalization pilot program. The Gulf of Alaska rockfish pilot program passed by Congress directed the Secretary of Commerce in consultation with the councils to implement a program that includes all aspects of the economic portfolio for this fishery. Specifically the legislation directs that all harvesters and processors need to be recognized in a meaningful way. The final motion of this plan was passed by the North Pacific Council just last month and this program is scheduled for implementation in 2007.

Conclusion. Each of these rights-based management programs is different than the ones that came before it. This is a testament to the people who designed these programs learning from each system's strengths and weaknesses as well as recognition that one size does not fit all when it comes to managing fisheries. The council process that led to development of these rights-based systems is an open, iterative public process that benefits from a vast amount of input provided by a broad-based spectrum of interest.

My request to you today, as you work toward updating the Magnuson-Stevens Act, is that you maintain a regional fisheries council system and give the regional councils all the tools available for managing the fisheries in their region and insist that all stakeholders are considered. I think this will allow the councils the ability to choose the tools that work in each region for each fishery management plan that they implement.

I would like to thank you again for the opportunity to testify, and I look forward to your questions.

Mr. GILCHREST. Thank you, Mr. Reed.

[The prepared statement of Mr. Reed follows:]

**Statement of Glenn E. Reed, President,
Pacific Seafood Processors Association**

Chairman Gilchrest, Representative Young, my name is Glenn Reed; I am the President of the Pacific Seafood Processors Association (PSPA). Thank you for giving me the opportunity to appear before you today.

Since 1914 PSPA has represented seafood processing companies in the Pacific Northwest on matters relating to legislation and regulation that affect our business. In the over 90 year history of our group no piece of federal legislation has had greater impacts on the operations of the members of PSPA and the livelihoods of coastal Alaskans than the Magnuson-Stevens Fishery Conservation and Management Act. The vast majority of these impacts have been positive.

I am going to focus my discussion today on rights based management programs in Alaska and their impacts on stakeholders, including harvesters, processors, and coastal communities. In Alaska the North Pacific Fishery Management Council has designed and implemented more rights based management programs than the rest of the nation combined. More fish is managed annually through rights based systems in Alaska, than any of the other seven regions manage individually under all of their management systems. The largest fishery in North America and one of the largest in the world, the Bering Sea pollock fishery is managed under a co-operative rights based system. The benefits to the nation as a result of rights based management include greater opportunities for resource conservation and utilization, improved safety, opportunities for new product forms, expanding domestic markets, and the list goes on. It's important to note that all of the fisheries of the North Pacific, including these managed through rights based approaches, are managed through the use of a total allowable catch (TAC) based on the recommendations of resource scientists. This TAC process requires all fishing to stop once the overall biological quota is reached. The North Pacific region has no over fished groundfish stocks.

CDQ

The first rights based system established in Alaska was the Community Development Quota (CDQ) program. Implemented in 1992 the CDQ program initially awarded 7.5% of the annual Bering Sea pollock harvest to 65 Native Alaskan communities in proximity to the Bering Sea, taking a resource that was historically exploited by foreign fleets and granting it to the named communities as an economic engine for their future. Others will speak more specifically to this program today.

IFQ

The second rights based system established in Alaska, in 1994, was the Individual Fishing Quota (IFQ) system. This system awarded the fishery resources in the halibut and sablefish fisheries to the historic harvesters of those resources. No other user historic groups were given any future rights. By allocating all of the value of these two fisheries to one user group the IFQ system created one group of "winners", and several groups of "losers".

The vessel owners were the winners while the processors, communities, State, and crews were the losers. Vessel owners enjoyed immediate wealth, safer fishing operations, and improved market opportunities. Processors experienced bankruptcies, loss of investment value, and loss of revenue; communities experienced loss of tax revenues, loss of community job base, loss service sector base; the State experienced a loss of tax revenue and employment base; crew members lost jobs and potential future opportunity. The IFQ program is the only rights based management program implemented in Alaska that awarded rights exclusively to one group, all programs that have followed have been progressively more inclusive.

AFA

After the experience of the halibut and sablefish IFQ model of rewarding rights to only one historic fishery participant, the Congressionally approved American Fisheries Act (AFA) in 1998 awarded quasi-rights in the Bering Sea pollock fishery to both harvesters and processors. By virtue of awarding rights to two groups, harvesters and processors, the AFA became the most inclusive rights based system ever implemented in the United States. This program provides the opportunity for harvesters and processors to form cooperatives based on their respective history and business relationship with each other—the benefits of the program flow to communities as well as local and state government in addition to the historic fishery participants in both harvesting and processing sectors. This plan improved opportunities for resources conservation, increased safety at sea, and improved the economics of the fishery for vessel owners, the operators of processing operations, and the com-

munities that depend upon them. The AFA system did not make one group wealthy at the expense of the others, it improved the position of all those considered.

CRAB RATIONALIZATION

Later this year the Bering Sea crab rationalization program will begin implementation. This program is the most inclusive rights based system designed in the United States to date, and includes protections or rights for harvesters, processors, communities, and skippers. This program may have set a new world standard for inclusivity in awarding rights to public fishery resources. The success of this program over time will make the most dangerous jobs in America safer while providing increased economic stability for harvesters, processors, and communities as well as new market opportunities.

ROCKFISH RATIONALIZATION PILOT PROGRAM

The Gulf of Alaska rockfish pilot program passed by Congress directed the Secretary of Commerce in consultation with the Council, to implement a program that includes all aspects of the economic portfolio of the fishery. Specifically the legislation directs that all harvesters (both catcher vessels and catcher processors) and processors need to be recognized in a meaningful way. The final motion on this plan was passed by the North Pacific Council just last month.

IN CONCLUSION

Each of these rights based management programs is different from the ones that came before. This is a testament to people learning from each systems strengths and weaknesses as well as a recognition that "one size does not fit all" when it comes to managing fisheries.

The Council process that lead to the development of these rights based systems is an open, iterative, public process that benefits from vast amounts of input provided by a broad based spectrum of interests. My request of you today as you work toward updating the Magnuson-Stevens Act is that you maintain the Regional Council system and give the regional councils all the tools available for managing the fisheries in their regions allowing them the ability to choose the tools that work in each fishery management plan.

Thank you again for the opportunity to express my views.

Mr. GILCHREST. Mr. Duffy.

STATEMENT OF KEVIN DUFFY, EXECUTIVE DIRECTOR, AT-SEA PROCESSORS ASSOCIATION

Mr. DUFFY. Thank you, Mr. Chairman, for the invitation to testify on fisheries management successes in Alaska today. I'm Kevin Duffy, executive director of the At-Sea Processors Association, a trade organization composed of seven member companies that operate U.S. Flag catcher-processor vessels. In the Bering Sea/Aleutian Islands, we own and operate 19 catcher-processors that are allocated 40 percent of the TAC annually.

The Alaska pollock fishery is a proven fishery management success story. In 2005, the Alaska pollock fishery was certified as sustainably managed by the Marine Stewardship Council, the international nonprofit organization funded by the World Wildlife Fund. The certification was earned through a four-year-long process or assessment of the fishery against the MSC sustainability criteria and standards by a team of independent scientists and fishery management experts.

I'm not aware of any fishery that has been subject to such a rigorous comprehensive evaluation. And the MSC process is simply one of many internal and external reviews to conclude that management of the Alaska pollock fishery by the North Pacific Council and NOAA Fisheries has been exemplary.

The sustainability certification of the fishery is a notable achievement for many reasons, not the least of which is the significance

of Alaska pollock in the world marketplace. Alaska pollock production is a dominant player in the world whitefish market because it is valued as a consistent and dependable source of high quality product. The harvesting and primary processing of pollock in Alaska generates \$800 million annually in revenue. The U.S., Japan, and European Union are important markets for Alaska pollock products.

I want to talk a bit about keys to successful management of the Alaska pollock fishery. First, in 1998, Congress passed the American Fisheries Act principally to resolve chronic over-capitalization in the nation's largest fishery. The AFA included a buyback of certain fishing vessels and created a framework that allowed the industry sectors to form fish harvesting cooperatives as part of fishery rationalization.

In February of 2002, representatives of APA testified to this Subcommittee on the success of harvesting cooperatives in the Alaska pollock fishery. The Alaska pollock cooperatives in which eligible harvesters agreed voluntarily to allocate the available harvest on an individual basis has successfully resolved overcapitalization with its incidental nontarget species catches, and dramatically increased utilization of harvested resources.

Rationalization of the pollock fishery is a critical component to successful fishery management. The PCC or Pollock Conservation Cooperative is the catcher-processor co-op reports that due to the deliberate pace of fishing and use of the most efficient vessels under a rationalized fishery, the fleet is producing nearly 50 percent more fish products per pound of fish harvested than the fleet achieved during the pre-AFA race for fish.

There are also demonstrated conservation benefits of cooperative fishing. While the midwater trawl Alaska pollock fishery is always ranked as one of the world's cleanest fisheries, under the fishing cooperative, less than 0.5 percent of what is harvested is discarded. Any MSA reauthorization efforts should support the formation of cooperatives as part of the fishery rationalization program.

There are other keys to successful management pertinent to reauthorization of the MSA, and I'm going to address those quickly in my testimony.

First, science and management of the Alaska pollock. NOAA Fisheries has a long time series of reliable data on pollock abundance derived from hydro-acoustic surveys, bottom trawl surveys, and some fishery-dependent data collected under a comprehensive Federal fishery observer program. NOAA Fisheries' scientists use state-of-the-art stock assessment models in analyzing data to determine pollock abundance levels.

Currently the adult spawning biomass of Alaska pollock exceeds 20 billion pounds. The methodologies employed by NOAA Fisheries' stock assessment teams and their findings are peer reviewed internally and then again through the groundfish plan team process, a review process conducted by scientists inside and outside of NOAA, and at which public comment is invited. The findings of the groundfish plan team are then considered by the SSC of the Council, which meets five times a year to forward recommendations on safe harvest levels to the Council.

Second, enhancing and standardizing the role of SSCs nationally. It is well documented and perhaps well known that the Council traditionally defers to the SSC in setting catch levels at or below the safe harbor levels recommended by the SSC. Congress should consider amending MSA to require each council's SSC to propose ABC levels, acceptable biological catch levels, for fish species under the jurisdiction of each council and for councils to adopt the SSC proposal and to recommend catch levels no higher than the upper range of ABC recommendations.

With respect to the pollock fishery in Alaska, managers and scientists have been using an ecosystem-based approach since well before the term came into common usage. Virtually every element of the ecosystem-based approach is in effect for the pollock fishery including conservative catch limits, comprehensive monitoring and enforcement, a precautionary approach to possible fishing impacts on the environment, bycatch reduction measures, and extensive use of marine protected areas.

In formalizing and standardizing the role of SSCs in the process, we should not minimize the value of the independent external scientific review currently conducted through the Center for Independent Experts. However, fishery managers are concerned about a recent administrative action that could impede Council decisions based on the best scientific information available.

New guidelines developed by OMB to the Information Quality Act have created concerns. These new provisions mandate outside review of certain scientific information and highly influential scientific assessments developed by the Agency's scientists. The APA urges the Subcommittee to evaluate the impact of these new provisions on the fisheries management decisionmaking process.

My written testimony includes additional recommendations on the proper role of SSCs in the regional fishery management process, and I would encourage you to consider them.

Third, in the TAC-setting process alone in the North Pacific, stakeholders of all stripes are afforded ample opportunity to provide public comment to the plan team, the SSC, the Council, the numerous committee councils that are formed that include stakeholders as well as when proposals are published in the Federal Register.

To the extent that opportunities for public participation in the fishery management process are not standard across all regions, APA urges that this be done by law or regulation. Fisheries management in the North Pacific is open, transparent, and has resulted in a progressive ecosystem-based approach to management.

In terms of final comments, NOAA Fisheries and the regional councils have been resolute in implementing the 1996 Sustainable Fisheries Act. Fishery managers appear to have effectively addressed overfishing in regions and fisheries where it was occurring. Fisheries managers have also instituted rebuilding plans when necessary. A next step is to evaluate what their effective monitoring and course of mechanisms in place for major fisheries to ensure that responsible catch levels required under the Sustainable Fishery Act are respected.

Two quick issues on the observer program. Two national policy issues if addressed could strengthen the observer program in the

North Pacific. The first issue deals with vessel owner liability in the event that an observer is injured. Current law is not clear about the legal status of observers. As a result, vessel owners often purchase more than one insurance policy since it is not clear under which statute an injured observer might choose to file a suit.

The second has to do with the Fair Labor Standards Act and specifically whether government observers are considered professionals or technicians. If the latter designation is applied, observers are entitled to overtime pay for time on the vessel even when they are not on duty. This designation, if it occurred, would substantially increase costs which either makes an observer program less practical or results in significantly scaled back programs.

APA proposes that Federal observers be dedicated as professionals and be fairly compensated in line with their experience, knowledge, and level of responsibility. I would concur with the number of comments made earlier about the observer program and the privacy issues associated with that. I would encourage the Subcommittee in MSA reauthorization to merely get used to using the word aggregated when you talk about observer data, and I think a lot of these problems go away.

Mr. Chairman, that concludes my testimony. I apologize for being a couple minutes long-winded. This is a big opportunity for us to testify in front of you. I appreciate the opportunity. Thank you.

Mr. GILCHREST. Yes, sir. Thank you, Mr. Duffy.
[The prepared statement of Mr. Duffy follows:]

Statement of Kevin C. Duffy, At-Sea Processors Association

Thank you, Mr. Chairman and Members of the Subcommittee for the invitation to testify on fisheries management successes in Alaska. I am Kevin Duffy, Executive Director of the At-sea Processors Association (APA). APA is a trade association composed of seven member companies that operate U.S.-flag catcher/processor vessels, primarily in the Bering Sea/Aleutian Islands Alaska pollock fishery. The seven companies own and operate 19 U.S.-flag catcher/processor vessels that are allocated 40 percent of the annual Bering Sea/Aleutian Islands pollock catch.

The Alaska pollock fishery is a proven fishery management success story. In 2005, the Alaska pollock fishery was certified as sustainably managed by the Marine Stewardship Council (MSC), an international non-profit organization founded by the World Wildlife Fund (WWF). The certification was earned through a four-year long assessment of the fishery against the MSC sustainability standard by a team of independent scientists and fishery management experts. I am not aware of any fishery that has been subject to such a rigorous and comprehensive evaluation, and the MSC process is simply one of many internal and external reviews to conclude that management of the Alaska pollock fishery by the North Pacific Council and NOAA Fisheries has been exemplary.

The sustainability certification of the fishery is a notable achievement for many reasons, not the least of which is the significance of Alaska pollock in the world marketplace. Alaska pollock production is a dominant player in the world whitefish market because it is valued as a consistent and dependable source of high quality product. In 2005, three billion pounds of Alaska pollock will be harvested, accounting for approximately one-third the weight of all U.S. seafood landings. While few seafood consumers might know Alaska pollock by name, most have likely eaten pollock. Alaska pollock is the principal whitefish used in frozen fish products in retail stores as well as "quick service" restaurants. Alaska pollock fillets reportedly account for 90 percent of the 275 million McDonald's fish sandwiches served each year in North America. Alaska pollock is also processed into surimi, a minced, frozen product used to make imitation crab products. The harvesting and primary processing of pollock in Alaska generates \$800 million in revenue annually. The U.S., Japan and the European Union are important markets for Alaska pollock products.

Keys To Successful Management of Alaska Pollock

In February 2002, APA testified before this Subcommittee on the success of fish harvesting cooperatives in the Alaska pollock fishery. The Alaska pollock cooperatives, in which eligible harvesters agree voluntarily to allocate the available harvest on an individual basis, have successfully resolved overcapitalization, reduced incidental, non-target species catches and dramatically increased utilization of harvested resources. Rationalization of the Alaska pollock fishery is a critical component of successful fishery management, but there are other keys to successful management pertinent to reauthorization of the Magnuson-Stevens Act that my testimony will focus on today.

Science and the Management of Alaska Pollock

NOAA Fisheries has a long time series of reliable data on Alaska pollock abundance, data derived from hydro-acoustic surveys, bottom trawl surveys and from fishery dependent data collected under a comprehensive federal fishery observer program. NOAA Fisheries' scientists use state-of-the-art stock assessment models in analyzing data to determine pollock abundance levels. Currently, the adult spawning biomass of Alaska pollock exceeds 20 billion pounds.

The methodologies employed by NOAA Fisheries' stock assessment teams and their findings are peer-reviewed internally and then again through the Groundfish Plan Team process, a review process conducted by scientists inside and outside of NOAA and at which public comment is invited.

The findings of the Groundfish Plan Team are then considered by the North Pacific Council's Scientific and Statistical Committee (SSC). The SSC, which meets five times a year in conjunction with the Council, forwards a recommendation of a safe harvest level—the Acceptable Biological Catch (ABC)—to the Council. The Council sets the Total Allowable Catch (TAC) at, and most often below, the ABC recommended by the scientific panel.

While recent policy discussions focus appropriately on enhancing and standardizing the role of SSC's in the council process, the Subcommittee should be mindful that investment in science and rigorous internal and external review of scientific findings and methodologies beyond the contributions of the SSC's contributions play a significant role in management of the Alaska pollock fishery.

Enhancing and Standardizing the Role of SSCs Nationally

It is well-documented and perhaps well-known that the North Pacific Council traditionally defers to its SSC in setting catch levels at or below the safe harvest level recommended by the SSC. Congress should consider amending the Magnuson-Stevens Act to require each council's SSC to propose ABC levels for fish species under the jurisdiction of each council and for councils to adopt the SSC proposal and to recommend catch levels no higher than the upper range of ABC recommendations.

With respect to the Alaska pollock fishery, managers and scientists have been using an ecosystem-based management approach since well before the term came into common usage. Virtually every element of an ecosystem-based management approach is in effect for the Alaska pollock fishery, including conservative catch limits, comprehensive monitoring and enforcement, a precautionary approach to possible fishing impacts on the environment, bycatch reduction measures and extensive use of marine protected areas.

The above progressive fishery management measures adopted by the North Pacific Council were reviewed by the Council's SSC, including analyses of proposed measures required under the Magnuson-Stevens Act and the National Environmental Policy Act (NEPA). APA recommends that either through law or regulation SSCs be directed to peer review analyses pertinent to the development of all fishery management measures developed by councils.

In formalizing and standardizing the role of SSCs in the regional fishery management council process, we should not minimize the value of independent external scientific review. Currently, peer review teams selected by the Center for Independent Experts (CIE) at the University of Miami provide valuable advice to NOAA Fisheries on major issues, including reviews of stock assessment procedures in the North Pacific and important new research results on possible fishing impacts on Steller sea lion populations.

NOAA Fisheries and the North Pacific Council cooperate on integrating science seamlessly into the fishery management process, but fishery managers are concerned about a recent administration action that could impede Council decisions based on the best scientific information available. New guidelines developed by the Office of Management and Budget (OMB) to the Information Quality Act (sometimes called the Data Quality Act) have created concerns. OMB's revised guidelines

mandate outside review of certain scientific information and “highly influential” scientific assessments developed by agency scientists. While regular external review of major scientific developments that could provide the basis for altering the regulatory regime is appropriate and desirable, APA urges the Subcommittee to evaluate the impact on the fishery management system of OMB’s recent action. Fisheries management in the North Pacific is based on the best scientific information available and is intended to be adaptive. If the revised Information Quality Act guidelines require external review of information and assessments routinely peer reviewed by the SSC, the process would suffer from increased costs, lack of timeliness for incorporating new data into the decision making process and delays in the regulatory process.

As Congress considers the proper role for SSCs in the regional fishery management council process, APA offers the following comments as well:

- To ensure that SSC members are knowledgeable about the fisheries being managed, new SSC members should be nominated by the existing SSC members and appointed by the relevant Council.
- SSC candidates should be federal or state employees or in academia.
- If SSC members are to be compensated, Congress must increase funding for councils since councils are already under-funded to meet mandates required by law.
- SSC members should be free from conflicts of interest, including affiliations with non-governmental organizations (NGOs) or commercial or sport fishing interests.

Transparent Public Process

In February 2005, the North Pacific Council adopted a fishery management plan amendment closing 280,000 square nautical miles of ocean to bottom trawling and six additional areas with especially high density coral and sponge habitat to all bottom contact fishing gear. Oceana, an environmental stakeholder group hailed the Council’s action in a media release that read in part,

“In an historic move for our nation’s fisheries, the North Pacific Fishery Management Council today unanimously adopted Oceana’s Approach to protect nearly one million square kilometers of seafloor, including the exquisite coral gardens of the Aleutians...Three years and 33,000 public comments later, due to the diligence of Oceana and the vision of the (Council), the Fisheries Service will...protect the Aleutian Island (sic) coral gardens...”

There is no shortage of irony that Oceana, which was created by the Pew Trusts environmental program as the litigation arm of its oceans advocacy program, provides such a clear example of the public’s opportunity to effectively shape policy by participating in the rulemaking process, but it is the case nonetheless.

In the TAC setting process alone in the North Pacific, stakeholders of all stripes are afforded public comment opportunities during the Plan Team, SSC and Council processes as well as when the proposed rule is published in the Federal Register for comment. Beyond that, stakeholders are provided opportunities to serve on the Council and on its Advisory Panel. Both bodies include a wide range of interested stakeholders, including Alaska natives, NGO representatives, sport fishermen, on-shore and offshore processors, and competing commercial fishing interests using longline, pot and trawl gear. The Secretary, in making appointments to the Council, and the Council in making appointments to its Advisory Panel must accommodate all of the above interests while also considering geographic balance among three states and disparate regions within Alaska.

To the extent that opportunities for public participation in the fisheries management process are not standard across all regions, APA urges that this be done by law or regulation. Fisheries management in the North Pacific is an open, transparent public process and that process has resulted in a progressive, ecosystem-based approach to management. We do not favor changing this successful system, but if it can be replicated elsewhere there is much to recommend it.

Final Comments and Recommendations

NOAA Fisheries and the regional councils have been resolute in implementing the 1996 Sustainable Fisheries Act (SFA). Fishery managers appear to have effectively addressed overfishing in regions and fisheries where it was occurring. Fishery managers have also instituted rebuilding plans where necessary. A next step is to evaluate whether effective monitoring and enforcement mechanisms in place for major fisheries to ensure that responsible catch levels required under the SFA are respected.

Earlier in my testimony, I referenced the comprehensive federal fishery observer program in effect for the North Pacific groundfish fisheries. In the BS/AI pollock

fishery, every vessel greater than 125 feet in length carries a fisheries observer 100 percent of the time while fishing. There are two federally-certified observers on pollock catcher/processors. The \$13 million annual cost of this program is borne by fishermen and processors.

There are two national policy issues that, if addressed, could strengthen the North Pacific fishery observer program. The first issue deals with vessel owner liability in the event that an observer is injured. Current law is not clear about the legal status of observers. As a result, vessel owners often purchase more than one insurance policy since it is not clear under which statute an injured observer might choose to file a lawsuit. Congress should clarify the status of observers and help contain insurance costs for vessel owners.

The second observer related issue pertains to observers' status under the Fair Labor Standards Act, specifically, whether government observers are "professionals" or "technicians." If the latter designation is applied, observers are entitled to overtime pay for time on the vessel even when they are not on duty. Obviously, such a designation substantially increases program costs, which either makes an observer program less practical or results in significantly scaled back levels of observer coverage. APA proposes that federal observers be designated as "professionals" and be fairly compensated in line with their experience, knowledge and level of responsibility.

Beyond observer programs, monitoring and enforcement is being enhanced in Alaska and other regions through application of various technologies, including onboard cameras and Vessel Monitoring System (VMS) units. These technologies can often offer significant cost savings over labor intensive observer programs, but regulations requiring onboard surveillance technologies raise privacy issues, among other concerns. We urge the Subcommittee to consider necessary changes in the Magnuson-Stevens Act to promote cost-effective methods that promote fisheries monitoring and enforcement without infringing upon individuals' privacy rights.

That concludes my testimony, Mr. Chairman. Thank you, for the opportunity to testify on Alaska's fisheries management successes and on efforts to further improve living marine resource management in the region and nationally. I am pleased to answer any questions from the Subcommittee.

Mr. GILCHREST. Mr. Asicksik.

STATEMENT OF EUGENE ASICKSIK, PRESIDENT AND EXECUTIVE DIRECTOR, NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Mr. ASICKSIK. Mr. Chairman, and, for the record, members of the Subcommittee that aren't here, I'm Eugene Asicksik, President and Executive Director of Norton Sound Economic Development Corporation, one of the six CDQ groups that are participating in the Western Alaska Community Development CDQ program. However, I am testifying today on behalf of all six of the groups. Each of the groups may be submitting its own written testimony to the Subcommittee noting that you mentioned earlier that there would be a 60-day open period.

In 1976, Congress enacted the Magnuson-Stevens Fishery Conservation and Management Act. The Act directed the Secretary of Commerce to phase commercial fishing by foreign fishermen out of the 200-mile exclusive economic zone, EEZ, and to regulate commercial fishing conducted by United States fishermen in a manner that would ensure the biological health and long-term sustainability of the United States fishery resource.

To assist the Secretary to achieve those objectives, the Act established regional councils to advise the Secretary regarding the discharge of these regulatory responsibilities. For the Bering Sea and North Pacific Ocean areas of the EEZ, the Act established the North Pacific Fishery Management Council. Over the years, the North Pacific Council has done an outstanding job particularly in

working with representatives of all sectors of the Bering Sea and North Pacific Ocean, commercial fisheries to develop innovative conservation and management measures that have reduced wastes, protected fishery resources, marine mammals, and rationalizing the fisheries for the benefit of fishermen and the health of the resource.

To further assist the Secretary, the Magnuson-Stevens Act contained national standards with which the Secretary's regulations of commercial fishing inside the EEZ must comply. One of the most important of those standards is National Standard 4. As the phase-out of foreign fishing inside the EEZ occurred, National Standard 4 directed the Secretary to allocate the new fishing opportunities among United States fishermen in a manner that would be fair and equitable to all United States fishermen.

Unfortunately, between 1977 and 1992, the Secretary did not afford United States fishermen who live in small rural communities in Western Alaska that are scattered along the coast of the Bering Sea a fair and equitable opportunity to participate in the new Bering Sea commercial fisheries. When that fact became apparent in 1992, the North Pacific Council urged the Secretary to establish the Western Alaska Community Development Quota Program and to authorize Western Alaska communities eligible to participate in the program to harvest annually 7.5 percent of the total allowable catch of the Bering Sea pollock. At the further urging of the North Pacific Council, the Secretary soon thereafter expanded the CDQ program to include first halibut and sablefish, and then crab and other Bering Sea groundfish species.

In the mid-1990s, a question was raised regarding whether the Magnuson-Stevens Act delegated the Secretary's authority to promulgate the regulations that had established the CDQ program. At Congressman Young's urging, in 1996, Congress responded including a provision in the Sustainable Fisheries Act that added Section 305(i)(1) to the Magnuson-Stevens Act. Section 305(i)(1) not only authorized but required the Secretary to establish the CDQ program.

In 1998, when it rationalized the Bering Sea pollock fishery by enacting the American Fisheries Act, Congress included a provision in that Act which increased the 7.5 percent to 10 percent, the percentage of total allowable catch of the Bering Sea pollock that the Secretary allocates annually to the CDQ program. The regulation implementing the CDQ program created the following regulatory framework.

To participate in the CDQ program, each of the 65 eligible Western Alaska communities must join a CDQ group. The group then submits a community development plan first to the State of Alaska, then to the Secretary. The plan identifies the amount of the percentage of total allowable catch or guideline harvest levels of each Bering Sea fishery that had been allocated to the CDQ program that the group wishes to harvest annually.

The plan also describes the CDQ projects the groups will undertake while the plan is in effect. The State of Alaska reviews and then makes recommendations to the Secretary regarding each plan including a recommendation regarding the harvest allocation. In 1992, the eligible communities organized themselves into six CDQ

groups. The groups vary widely in terms of numbers of member communities. Similarly the total number of community residents that a group represents also varies widely from group to group.

In 1992, when the first community development plans were submitted and approved, none of the CDQ groups had any capital for that reason. The plan simply described how the groups would contract with established fishing companies to harvest the groups' pollock allocation, and how the groups would use oil revenues they received from those contracts to fund the CDQ projects that would benefit their member communities.

Once the CDQ groups began accumulating capital, they began purchasing various percentage of equity interest in fishing vessels, onshore and offshore fish processing companies, and other Bering Sea fishery-related businesses, as well as starting fishery-related businesses of their own. As a consequence in addition to oil revenue, the groups now also use the revenue their investments generate to further local economic development by financing additional investments and by providing employment, economic, education, and social benefits to the approximately 28,000 residents of their member communities.

For example, since 1992, the six groups have used those revenues to provide nearly \$125 million in wages as well as educational and training benefits. I have with me today Teresa Asicksik who is a young student taking advantage of one of our scholarship programs and studying marine biology at Florida State University.

Mr. Chairman, while all six of the CDQ groups are sharing in that success, the CDQ program has grown and matured much faster than many of us initially envisioned. As a result, the program has outgrown the administrative structure that the Secretary created in 1992. However, the six groups have had difference in views regarding how the administrative structure of the program should be modified.

For example, should CDQ groups be encouraged to concentrate their future investments into equity ownership interests in the Bering Sea fishing companies, or should they be encouraged to diversify into non-fishery holdings? Is external oversight the best method of governance for the CDQ groups, or is governance from the groups' member communities more appropriate?

In the past, the ability of the CDQ groups to make certain types of investments and to provide certain benefits to member communities has been subjected to significant regulatory restrictions. Should those restrictions be reduced or eliminated and the board or directors of the CDQ groups allowed to make their own decisions regarding the mix of investments and benefits that will best continue the objectives of the CDQ program.

In that regard, the National Marine Fisheries Service recently concluded that the Secretary's regulations do not require the CDQ projects that the groups undertake to have a fishery-related purpose as long as the project will advance the economic and social development of a group's member community or communities.

Should Section 305(i)(1) of the Magnuson-Stevens Act or the Secretary's regulation be amended to restrict the amount of sorts of revenue that the CDQ groups may use to finance CDQ projects that do not have a fishery-related purposes?

Another important question is whether the fishing allocation for which the Secretary now requires the CDQ groups to compete, should be made permanent. All six of the CDQ groups agree that stable fishing allocations would be beneficial, but that the groups have had differing views regarding how best to achieve the important objectives. To try and develop a common position, I and other representatives of the six CDQ groups have been meeting to discuss those and related questions.

We have set August 15th as our target date to reach agreement on as many of the issues as we can. I am hopeful that our discussions will produce a recommendation to the Subcommittee regarding an amendment to Section 305(i)(1) of the Magnuson-Stevens Act that all of the CDQ groups can support.

Also at the urging of the North Pacific Council, in April, Alaska Governor Frank Murkowski created a blue ribbon panel which is chaired by Council member Edward Rasmuson and which will be submitting recommendations to Governor Murkowski regarding many of those same issues. I and the other representatives of the six CDQ groups look forward to working with the panel as well as to evaluate the panel's recommendation.

In conclusion, Mr. Chairman, on behalf of all six of the CDQ groups, I would like to express our appreciation to you and other members of the Subcommittee for coming to Alaska and for your ongoing interest in the CDQ program. We also would like to particularly express our appreciation to Congressman Young, even though he is not here, for his steadfast and long-time support of the CDQ program. I'd be happy to answer any questions. Thank you.

Mr. GILCHREST. Thank you very much, Mr. Asicksik.

[The prepared statement of Mr. Asicksik follows:]

Statement of Eugene Asicksik on Behalf of the Aleutian Pribilof Island Community Development Association, Bristol Bay Economic Development Corporation, Central Bering Sea Fishermen's Association, Coastal Villages Region Fund, Norton Sound Economic Development Corporation, and Yukon Delta Fisheries Development Association

Mr. Chairman and members of the Subcommittee, I am Eugene Asicksik. I am President and Executive Director of the Norton Sound Economic Development Corporation, one of the six groups that are participating in the western Alaska community development quota (CDQ) program. However, I am testifying today on behalf of all six of the groups.

Each of groups may be submitting its own written testimony to the Subcommittee. For that reason, I would like to request that the hearing record be kept open for a reasonable period of time in order to allow the groups to do so.

In 1976 Congress enacted the Magnuson-Stevens Fishery Conservation and Management Act. The Act directed the Secretary of Commerce to phase commercial fishing by foreign fishermen out of the 200-mile exclusive economic zone (EEZ), and to regulate commercial fishing conducted by United States fishermen in a manner that would ensure the biological health, and long term sustainability, of United States fishery resources.

To assist the Secretary achieve those objectives, the Act established regional councils to advise the Secretary regarding the discharge of his regulatory responsibilities. For the Bering Sea and North Pacific Ocean area of the EEZ, the Act established the North Pacific Fishery Management Council. Over the years, the North Pacific Council has done an outstanding job particularly in working with representatives of all sectors of the Bering Sea and North Pacific Ocean commercial fisheries to develop innovative conservation and management measures that have reduced waste, protected fishery resources and marine mammals, and "rationalized" the fisheries for the benefit of fishermen and the health of the resource.

To further assist the Secretary, the Magnuson-Stevens Act contains national standards with which the Secretary's regulation of commercial fishing inside the EEZ must comply. One of the most important of those standards is national standard no. 4.

As the phase-out of foreign fishing inside the EEZ occurred, national standard no. 4 directed the Secretary to allocate the new fishing opportunities among United States fishermen in a manner that would be "fair and equitable" to all United States fishermen.

Unfortunately, between 1977 and 1992 the Secretary did not afford United States fishermen who live in small rural communities in western Alaska that are scattered along the coast of the Bering Sea a "fair and equitable" opportunity to participate in the new Bering Sea commercial fisheries.

When that fact became apparent, in 1992 the North Pacific Council urged the Secretary to establish the western Alaska community development quota program and to authorize western Alaska communities eligible to participate in the program to harvest annually 7.5 percent of the total allowable catch of Bering Sea pollock. At the further urging of the North Pacific Council, the Secretary soon thereafter expanded the CDQ program to include, first halibut and sablefish, and then crab and other Bering Sea groundfish species.

In the mid-1990s, a question was raised regarding whether the Magnuson-Stevens Act delegated the Secretary authority to promulgate the regulations that had established the CDQ program. At Congressman Young's urging, in 1996 Congress responded by including a provision in the Sustainable Fisheries Act that added section 305(i)(1) to the Magnuson-Stevens Act. Section 305(i)(1) not only authorized, but required, the Secretary to establish the CDQ program.

In 1998 when it rationalized the Bering Sea pollock fishery by enacting the American Fisheries Act, Congress included a provision in that Act which increased from 7.5 percent to 10 percent the percentage of the total allowable catch of Bering Sea pollock that the Secretary allocates annually to the CDQ program.

The regulations implementing the CDQ program create the following regulatory framework:

To participate in the CDQ program, each of the 65 eligible western Alaska communities must join a "CDQ group." The group then submits a community development plan, first to the State of Alaska, and then to the Secretary.

The plan identifies the amount of the percentage of the total allowable catch or guideline harvest level of each Bering Sea fishery that has been allocated to the CDQ program that the group wishes to harvest annually. The plan also describes the "CDQ projects" the group will undertake while the plan is in effect.

The State of Alaska reviews and then makes recommendations to the Secretary regarding each plan, including a recommendation regarding the harvest allocations.

In 1992, the eligible communities organized themselves into six CDQ groups. The groups vary widely in terms of the number of member communities. For example, the community of St. Paul is the only member of the Central Bering Sea Fishermen's Association, while fifteen communities are members of the Norton Sound Economic Development Corporation. Similarly, the total number of community residents that a group represents also varies widely from group to group.

In 1992 when the first community development plans were submitted and approved, none of the CDQ groups had any capital. For that reason, the plans simply described how the groups would contract with established fishing companies to harvest the groups' pollock allocations, and how the groups would use the royalty revenue they received from those contracts to fund CDQ projects that would benefit their member communities.

Once the CDQ groups began accumulating capital, they began purchasing various percentages of equity interests in fishing vessels, onshore and offshore fish processing companies, and other Bering Sea fisheries-related businesses as well as starting fisheries-related businesses of their own. As a consequence, in addition to royalty revenue, the groups now also use the revenue their investments generate to further local economic development by financing additional investments and by providing employment, economic, educational, and social benefits to the approximately 28,000 residents of their member communities. For example, since 1992 the six CDQ groups have used those revenues to provide nearly \$125 million in wages, as well as educational and training benefits.

Mr. Chairman, while all six of the CDQ groups are sharing in that success, the CDQ program has grown and matured much faster than many of us initially envisioned. As a result, the program has outgrown the administrative structure that the Secretary created in 1992. However, the six CDQ groups have had differing views regarding how the administrative structure of the program should be modified.

For example, should CDQ groups be encouraged to concentrate their future investments into equity ownership interests in Bering Sea fishing companies, or should they be encouraged to diversify into non-fishery holdings? Is external oversight the best method of governance for the CDQ groups or is governance from the groups' member communities more appropriate?

In the past, the ability of CDQ groups to make certain types of investments and to provide certain benefits to member communities has been subject to significant regulatory restriction. Should those restrictions be reduced or eliminated and the boards of directors of the CDQ groups allowed to make their own decisions regarding the mix of investments and benefits that will best achieve the objectives of the CDQ program?

In that regard, the National Marine Fisheries Service recently concluded that the Secretary's regulations do not require the CDQ projects that the groups undertake to have a fisheries-related purpose as long as the projects will advance "the economic or social development" of a group's member community or communities. Should section 305(i)(1) of the Magnuson-Stevens Act, or the Secretary's regulations, be amended to restrict the amount or source of revenue that the CDQ groups may use to finance CDQ projects that do not have a fisheries-related purpose?

Another important question is whether the fishing allocations for which the Secretary now requires the CDQ groups to compete should be made permanent? All six of the CDQ groups agree that stable fishing allocations would be beneficial. But the groups have had differing views regarding how best to achieve that important objective.

To try and develop a common position, I and other representatives of the six CDQ groups have been meeting to discuss those and related questions. We have set August 15 as our target date to reach agreement on as many as issues as we can. I am hopeful that our discussions will produce a recommendation to the Subcommittee regarding an amendment to section 305(i)(1) of the Magnuson-Stevens Act that all of the CDQ groups can support.

Also, at the urging of the North Pacific Council, in April Alaska Governor Frank Murkowski created a "blue ribbon" panel, which is chaired by Council member Edward Rasmuson and which will be submitting recommendations to Governor Murkowski regarding many of those same issues. I and other representatives of the six CDQ groups look forward to working with the panel, as well as to evaluating the panel's recommendations.

In conclusion, Mr. Chairman, on behalf of all six of the CDQ groups, I would like to express our appreciation to you and the other members of the Subcommittee for coming to Alaska and for your ongoing interest in the CDQ program. We also would like to particularly express our appreciation to Congressman Young for his steadfast and longtime support for the CDQ program.

I would be happy to answer any questions that you or other members of the Subcommittee may have.

Mr. GILCHREST. Mr. Thomson.

**STATEMENT OF ARNI THOMSON, EXECUTIVE DIRECTOR,
ALASKA CRAB COALITION**

Mr. THOMSON. Good afternoon, Mr. Chairman.

Mr. GILCHREST. Excuse me. I will pass that along to Congressman Young, your kind remarks.

Mr. Thomson.

Mr. THOMSON. Good afternoon, Chairman Gilchrest and Mr. Whaley. On behalf of the Alaska Crab Coalition, I'd like to express appreciation for the opportunity to provide testimony on this vitally important subject of fisheries management successes in Alaska and reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act.

My name is Arni Thomson. I am executive director of the Alaska Crab Coalition. The ACC is the longest standing organization of Bering Sea crab fishing vessel owners. Our organization has worked closely with the North Pacific Council, the State of Alaska, Congress, the industry, conservation groups, and local communities

in the effort to achieve improvements for the basic fabric of the MSA and to adopt our national laws to the unique circumstances of fisheries off the coast of Alaska.

Beginning in 1992, we strongly supported bycatch reduction amendments to the MSA. Twelve years ago on August 20th, 1993, here in Kodiak High School, I testified before the U.S. Senate Committee on Commerce, Science, and Transportation in concert with like-minded organizations to kick off an industry effort to achieve enactment of national standards to reduce bycatch and to improve safety that culminated in the enactment of National Standard 9 and 10 to the Magnuson-Stevens Act in 1996.

Our recommendations even back then included support for development of an individual vessel incentive program, known as a VIP, to reduce bycatch in the trawl fisheries. The first sector-wide rights-based management program is yet to be developed in the North Pacific. Later on, in 2001 and 2004, following the model of the shore-based AFA pollock program, we spearheaded crab harvesters' support for the legislation that authorized and provided for the implementation of the new crab rationalization program.

The ACC ranks the 3-pie voluntary co-op program for BSA crab fisheries among the most significant achievements in fisheries management. The program adopted on a Council vote of 11-0, representatives of all three states, Alaska, Washington, and Oregon, after extensive public input, represents a fair balance of harvester, processor, and community interests. This compromise achieves a fundamental goal of ending the race for crab that killed our fishermen, accelerated bycatch to the detriment of our resource base, and hurt the economies of the fisheries for all concerned.

There are six key elements to the program: 1) extended fishing seasons to avoid dangerous fishing conditions and improve resource utilization; 2) quotas to fishermen, processors, and communities, and regional landing requirements to provide economic stability; 3) mandatory binding arbitration to settle price disputes between harvesters and processors and to ensure competitive market prices; 4) comprehensive data collection and program review to assess the success of the rationalization program and to provide oversight on the revenue share ratio between harvesters and processors.

We note that Congress needs to complete its work on the BSAI crab program by complying with the Federal Credit Reform Act to authorize crab IFQ loans that will benefit skippers and crewmen.

Today management of major fisheries including BSAI crab under the jurisdiction of the North Pacific Council stands as a model for the nation. This success evidences the fundamental soundness of the Magnuson-Stevens Act and the effectiveness of Congress in adopting our national fisheries law as circumstances warrant.

We encourage the Council to adopt preferred alternatives to the non-pollock groundfish fisheries of the Bering Sea and Aleutian Islands and the major groundfish fisheries of the Gulf of Alaska at the earliest possible date.

It is exceedingly important the new BSAI program for non-pollock groundfish fisheries include an individual vessel incentive program, VIP, allowing allocations of bycatch species to cooperatives to reduce bycatches of crab and halibut with a phase-in ratchet-

down program at the current allowances of those species, and these are under consideration in that program.

Rights-based management programs in the North Pacific have proven to reduce bycatch. In light of the North Pacific Council record of success, the ACC urges caution on the part of Congress in considering any major changes to the MSA. We believe the first principle should be to do no harm. The success of fisheries management including most notably those in the EEZ off Alaska should be preserved. Accordingly, Congress should take great care to ensure that any new standards or procedures do not upset existing successful programs, waste scarce management resources, impose heavier costs on industry, or spawn new litigation.

By way of example, we believe that ecosystem management should be integrated into existing regional management plans not established as a separate nationally standardized process. The ACC commends the Chairman for holding this hearing and looks forward to working closely with him, Congressman Young, and other friends from Congress as we approach reauthorization of the Magnuson-Stevens Act. Our fishing industry in fishery-dependent communities are fortunate to have representatives in Congress without whose dedication and effectiveness the success of our fisheries management could not have been achieved.

Thank you very much for the opportunity to testify.

Mr. GILCHREST. Thank you, Mr. Thomson.

[The prepared statement of Mr. Thomson follows:]

**Statement of Arni Thomson, Executive Director,
Alaska Crab Coalition**

Mr. Chairman, Congressman Young:

The Alaska Crab Coalition ("ACC"), a trade association representing the owners of Bering Sea crab fishing vessels, as well as service and supply companies in the fishing industry, is grateful to have been invited to testify at this important hearing on fisheries management successes in Alaska and reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act ("MSA").

Summary

I think it beyond challenge to say that the major fisheries of the Exclusive Economic Zone in the area under the jurisdiction of the North Pacific Fishery Management Council ("Council") are models of fisheries conservation and management. This success reflects the fact that the standards and procedures of the MSA, in accordance with which those fisheries are managed, are fundamentally sound, and that Congress has been superbly effective in adapting the MSA to the unique and widely differing circumstances of the major fisheries off the coast of Alaska. The United States fishing industry is fortunate, indeed, to have the benefit of the MSA and of the continuing dedication of you, Chairman Gilchrest, and you, Congressman Young, as well as that of other distinguished Members of Congress, to the conservation and management of our Nation's fisheries. And, in view of the venue of today's hearing, I think it especially appropriate to pay tribute to Senator Ted Stevens for his long-standing leadership in fisheries affairs. The United States fishing industry, the fishery-dependent communities, and the American public at large, owe him an enormous debt of gratitude.

Since its inception, in 1986, the ACC has worked closely with the North Pacific Fishery Management Council ("Council"), the State of Alaska, the Department of Commerce ("Commerce"), and Congress in the development and implementation of an array of statutes, regulations, and policies aimed at the improvement of safety, conservation, efficiency, and fairness in the Bering Sea and Aleutian Islands ("BSAI") crab fisheries. Over the years, the challenges have been enormous: the highest occupational fatality rate in the Nation, resources in severe difficulty, the industry on its financial knees, and communities at serious economic risk. The Congress, the Council, the State of Alaska, and Commerce have risen to these challenges.

Through amendments to the MSA in 1992, Congress set us and the North Pacific Fishery Management Council, with the leadership of the State of Alaska, on the path that led to a series of innovative approaches and industry compromises to addressing the adverse impacts of excessive bycatch, a problem that long vexed the crab fisheries in the BSAI, where bottom trawling wreaked havoc on female and juvenile crab. Then, again, in 1996, Congress elevated the priority of bycatch control, by enacting National Standard Nine. In that same year, Congress placed safety at the forefront, along with conservation, by the enactment of National Standard 10. The ACC, in concert with like-minded organizations, was proud to provide Congress with proposals that eventually were reflected in these vitally important amendments. In addition, Congress included authority for capacity reduction “buyback” programs. The ACC supported that legislation and the eventual implementation that resulted in removal of ten percent of the fishing capacity in the BSAI crab fisheries.

Then, in 2004, Congress crowned its efforts, for the benefit of the BSAI crab fisheries, with enactment of legislation to authorize and implement the rationalization plan (“Plan”) that the Council adopted in accordance with far-seeing legislation enacted several years earlier. This achievement, with the cooperation and support of the State of Alaska and Commerce, was possible only because the standards and procedures of the MSA were fundamentally sound, and Congress could be counted upon to adapt the Act, as needed, to the unique circumstances of the BSAI crab fisheries.

What sets the Plan apart from all previous management responses, and what delivers the long-sought after solutions, is its comprehensive approach to addressing the root cause of the problems plaguing these fisheries—the race for crab. Through implementation of the Plan, in October of this year, excess harvesting and processing capacity will be removed from the BSAI crab fisheries in a way that will be fair to harvesters and processors, alike, and will avoid economic dislocation of dependent communities. Through a carefully balanced system of harvester and processor quota shares and regional delivery provisions, a sustainable equilibrium of production capacity and resource availability will be achieved, markets will be stabilized, safety will be improved, and communities will be protected. It is true that the Plan encountered some spirited opposition, but the debate only served to highlight the foresight and resoluteness of Congress, and the effectiveness of the Council process.

The ACC urges Congress to proceed carefully with reauthorization of the MSA. The successes in Alaskan fisheries demonstrate the fundamental soundness of the Act. The unique circumstances of particular Alaskan fisheries, including BSAI crab, have been well accommodated by judicious amendments to the MSA. Accordingly, the ACC maintains that any further amendments to the MSA be crafted to avoid upsetting the basic fabric of the Act and the provisions specific to particular fisheries. In short, we would urge that BSAI crab fisheries be grandfathered against any new requirements that could result in costly and potentially damaging revisions to the Plan as only recently authorized and implemented by Congress in the MSA.

Background and Need for BSAI Crab Rationalization

The BSAI crab fisheries have long presented daunting challenges to fisheries managers, our industry, and dependent communities. Safety concerns have necessarily attended fishing operations in the extremely harsh natural environment of the Bering Sea and Aleutian Islands area. Conservation became an issue, as soon as major fishing fleets began to exploit the resource. Allocation issues arose for our fishermen, when we first sought to “Americanize” the fisheries, by wresting control from the foreign fleets, and later, after such issues arose again, when that goal was achieved and our domestic harvesting exceeded the available resources.

As communities became dependent upon BSAI harvesting and processing, the scope and complexity of economic and social issues greatly increased. The full spectrum of these challenges became less and less manageable, as BSAI crab resources suffered declines and failures under enormous fishing pressures.

Following much debate and the rejection of a harvester-only individual quota program, a license limitation program (“LLP”) was adopted in 1995 and implemented in 1998, with the objective of slowing, if not halting, increased harvesting capacity in the fisheries. Of course, this was only a halfway measure, as it failed to prevent “capital stuffing,” that is, additional investments increasing the efficiency of the limited number of vessels that were permitted to operate in the fisheries. Limits on the number of pots per vessel and various other management measures, including time and area closures, also failed to solve the fundamental problem of excessive harvesting capacity. The race for fish intensified.

In the superheated race for crab, these measures had perverse safety, conservation, and economic effects. Crab pots are designed to "soak" for long enough to allow all the bait to be consumed, and for the juveniles to leave, through escape panels, in search of other forage. Fishing seasons comprised of a few days, coupled with pot limits, led to a spiral of increased risk to the safety of fishermen and to the sustainability of the resources, as frantic efforts were made to maximize the numbers of pot lifts in short seasons. In these circumstances, juvenile crab feeding on bait, would still be in the pots at the time they were lifted, and a high percentage of juveniles would perish, as a result of the changes in temperature, when they ascended and descended through the water column. The future of the crab fisheries was dying with its juveniles. Many independent vessel owners were left hanging precariously on the brink of bankruptcy. Worst of all, the BSAI crab fishery remained the most dangerous occupation in the United States.

In 1996, while the LLP was wending its way through the bureaucracy toward implementation, the Sustainable Fisheries Act was enacted. As noted, above, it included two measures first proposed by the ACC, new national standards to limit and reduce bycatch, and to improve safety, and a third measure supported by the organization, authority for the federal government to conduct industry-funded fishing capacity buybacks. However, to the disappointment of the ACC, the Act also included a four-year moratorium on new individual fishing quotas.

Bering Sea pollock took center stage in the North Pacific, and in October 1998, the American Fisheries Act ("AFA"), established a unique system of harvester/processor coops for that fishery, including a 90/10 formula for mandatory deliveries to exclusive processors. Most of the Council's time during the ensuing 18 months was consumed with resolving those issues left to its jurisdiction by the new law.

During the year 2000, the crab industry considered various forms of coops, modeled after the shorebased AFA coops, and a buyback. However, these potential management responses to the crisis in the BSAI crab fisheries failed to achieve a critical mass of support.

At the close of the year 2000, the moratorium on individual fishing quotas was extended for an additional two years. However, in the Consolidated Appropriations Act of 2001 (P.L. 106-554), Congress also enacted special legislation that served as a guidepost for future BSAI crab management:

...The North Pacific Fishery Management Council shall examine the fisheries under its jurisdiction, particularly the Gulf of Alaska groundfish and Bering Sea crab fisheries, to determine whether rationalization is needed. In particular, the North Pacific Council shall analyze individual fishing quotas, processor quotas, and quotas held by communities. The analysis should include an economic analysis of the impact of all the options on communities and processors as well as the fishing fleets. The North Pacific Council shall present its analysis to the appropriations and authorizing committees of the Senate and House of Representative in a timely manner.

In January of the following year, the Council formally constituted a 21-member Crab Rationalization Committee that represented all affected interests, including the crab industry organizations, dependent communities, and the environmental community. The work of that committee culminated on March 23 of that same year with endorsement, by a two-thirds vote, of a system that would provide quotas for both fishermen and processors, as well as regionalized landing requirements. This served as the basis for the Council's eventual adoption of a "three-pie voluntary cooperative program."

On June 10, 2002, the Council adopted the Plan by a unanimous vote of 11-to-0. The very fact that the long public debate leading up to this decision was spirited and even rancorous at times demonstrated that the Council's proceedings were a model of public participation, with input received from every party who had a perspective to bring to the table. There were countless hours of deliberation in the Council and its committees, as well as within and among interested and affected individuals and organizations over a period of more than two-and-one-half years. Anyone who failed to offer his or her views cannot claim to have lacked the opportunity for participation in the process.

There was, it is true, a last-minute disagreement over a system of arbitration designed to resolve price disputes. No organization was more concerned than was the ACC, which withdrew support for the Plan, pending the outcome of efforts to resolve the crisis. Fortunately, the ACC was able to support the end-product, based on the expectation that the Council and Congress would critically and continually review the operation of the arbitration process, and that the Council would make changes, if that proved necessary to assure fairness. This expectation was proved correct, when the Council submitted its May 6, 2003, report to the Congress, with the following statement concerning arbitration:

If the preferred arbitration program does not function as intended, the Council is committed to using a different arbitration structure to provide a fair price setting environment. Because of the completed analyses of these different structures, an alternative structure, such as the "Steele Amendment," could be expeditiously adopted as part of the binding arbitration program should Council review of the program suggest that the arbitration program is not working as intended. If Congress approves this program, such explicit authority could be provided to the Council to ensure timely action to address problems that might arise...We hope that Congressional authorization of the program will provide explicit direction to the Council concerning its obligation to review and amend the program should any unanticipated negative impacts arise.

The BSAI Crab Rationalization Plan

While there were concerns that the Plan would somehow establish precedents unsuitable for other fisheries, the fact is that it responded in a tailored way to a unique combination of circumstances:

- Horrendous weather and ice problems on the fishing grounds, resulting in the highest occupational fatality rate in the Nation.
- Extreme over-capitalization in both the harvesting and the processing sectors.
- Heavy economic and social reliance of five communities, located in two regions, on crab production.
- Unstable and declining crab resources, and excessive bycatch waste.
- Foregone fishing opportunities, due to inability to manage small resources.

The Plan responds, in a sustainable, fair, and balanced manner, to the complex resource, environmental, economic, social, and safety challenges confronting stakeholders in the major BSAI crab fisheries:

- Vessel owners;
- Skippers and crews;
- Processors;
- Communities; and
- The public at large.

To achieve this goal, the Plan contains the following primary elements:

- Harvest shares allocated to fishermen for 100 percent of the total allowable catch (TAC), with 90 percent of those shares to be delivered to processors holding processing shares, and the remaining 10 percent to be deliverable to any processor.
- Processing shares allocated to processors for 90 percent of the TAC.
- Regional share designations for processor allocations and the corresponding 90 percent of the harvest allocations, distributing landings and processing between specific regions, plus additional community protections.
- A mandatory binding arbitration program to settle price disputes between harvesters and processors and to insure competitive market prices.
- Voluntary harvester cooperatives permitted to achieve efficiencies through the coordination of harvest activities and deliveries to processors.
- Community Development Quota allocations of 10 percent of the TAC.
- Initial harvest share allocations to captains of 3 percent of the TAC, and the opportunity for skippers and crew to purchase shares.
- Low-interest federal loan program for captains and crew to purchase harvest shares.
- Comprehensive data collection and program review to assess the success of the rationalization program and to provide oversight on revenue share ratio between harvesters and processors.

The Plan presents an impressive array of improvements over the prevailing situation.

Biological Benefits:

- Improved stock management through use of a TAC;
- Reduced overharvests through individual allocations;
- Reduced discards resulting longer soak times and better sorting of undersized crab through escape mechanisms in gear; and
- Improved handling of discards by ending the race for crab.

Economic Benefits:

- Compensated reductions in capitalization through voluntary share transactions; and
- Economic stability for the harvesting and processing sectors and communities.

Social Benefits:

- Preservation of regional distribution of economic activity;
- Facilitated entry to the fishery for crew; and
- Protection of historical interests of captains.

Safety Benefit:

- Improved safety by ending the race for crab in bad weather and sea-state conditions.

The ACC Position on MSA Reauthorization*What the ACC Supports*

The ACC strongly supports the provisions in the MSA that apply to individual quotas. We believe that those provisions have well served the Nation with respect to existing programs, and are adequate to support future programs.

The ACC also strongly supports the MSA provisions that apply uniquely to the BSAI crab fisheries as providing a successful adaptation of conventional management measures and the institution of novel approaches to addressing, in a fair, balanced, and effective way, the unique circumstances of those fisheries.

The ACC supports any modifications to the MSA that may be necessary or otherwise useful to ensuring effective implementation of the BSAI crab IFQ loan program. For that program, the ACC also supports provision for a loan subsidy of \$250,000 and a loan ceiling of \$25,000,000, in an appropriations Act, as required by the Federal Credit Reform Act. These amounts were recommended by the Council.

What the ACC Opposes

In general, the ACC opposes any changes to the MSA that would introduce either new, higher costs of operating in the fisheries, or otherwise reduce the practicability or effectiveness of individual quotas in achieving the broad goals of that Act. The ACC opposes any new authority to provide for processor quotas in any other fisheries than those for crab in the BSAI. However, the ACC does believe that, for each fishery, management measures, taking into account the particular circumstances, should provide for a fair and balanced approach to addressing the myriad affected private and public interests. We note in this regard, that there is, in important fisheries, a close interrelationship between harvesters, communities and shorebased processors. These relationships should be carefully considered in the crafting of any new quota programs.

The ACC would vigorously oppose any new standards or procedures that are not accompanied by a grandfather provision that ensures the continuity of individual quotas under the law as it exists today. Any new standards or procedures, therefore, should apply only prospectively to any program established after their enactment into law.

Among the previous proposals we have opposed, and would continue to resist, are the following:

- Any sunset of individual quotas. Such a measure would reduce the effectiveness of rationalization, by adversely impacting the value of quotas over time, and thus would impede consolidation and other measures leading to increased efficiency.
- Any new fees, the current law already provides for fees in individual quota programs, and there is no justification for increasing the costs to operators in those fisheries through what would amount to an additional, special tax. Any statutory requirement that would increase the time required for development and implementation of individual quota programs. The current statutory requirements are excessively time-consuming, and thus, costly to both the private sector and government. This situation should not be further aggravated by new law.
- Any new statutory provisions that would predictably spawn litigation. Commerce is already under severe assault in the courts, with seriously deleterious consequences for the management system. New provisions that are controversial, ambiguous, or duplicative must be avoided.
- Any penalties or enforcement mechanism that is suspect from the standpoint of due process. We believe the current penalties and enforcement provisions of the MSA serve its purposes adequately. (We support the special provisions in the enabling legislation for the BSAI crab rationalization plan.)

Matters of Particular Interest to the Subcommittee in this Hearing

The letter of invitation to this hearing identified matters of particular interest to the Subcommittee, and accordingly, requested information regarding them.

What is the importance of fisheries both to Alaska and the various regions?

Fisheries are vital to the economic well-being of Alaska. They provide thousands of jobs and revenues for the State and local governments. Many coastal communities depend upon fisheries, and have few if any major, alternative sources of economic activity. Fisheries off Alaska are managed on a sustainable basis. Therefore, they provide a renewable resource for the indefinite future, and thereby, stand in contrast to the such extractive activities as oil, gas, and hard rock mineral production. The BSAI crab fishery, alone, produces \$120 million in landings, and as the crab resources continue to recover, will produce much more.

How is science integrated into the management process and is this a transparent and public process?

The Scientific and Statistical Committee ("SSC") of the Council considers every management action in open meetings, and reports to the Council, where the public at large has an opportunity to comment. The Council is diligent in weighing scientific considerations, when making management decisions. In addition, the Council relies on the support of the impressive science capabilities of NMFS and other elements of NOAA. The process is both transparent and highly effective.

What management processes occur in the North Pacific and what lessons can we learn from the North Pacific for the reauthorization of the MSA?

The management process in the Council is characterized by careful consideration of inputs from scientists, fisheries managers, economists, communities, industry organizations, and members of the general public. Public hearings, recorded votes, exhaustive analyses in EIS and other regulatory analyses, ensure responsible decisions. The ACC believes that the North Pacific is a model for other regions. The views of the ACC on MSA reauthorization are set forth above.

What are the major issues affecting each region in Alaska and what are the challenges for each region?

The ACC would not presume to comment on issues affecting, and challenges confronting, all the regions in Alaska. However, we would point out that, in the BSAI, the key issues and challenges are, as they always have been, conservation, safety, and allocations. The new Crab Rationalization Plan resolves the major issues for the BSAI crab fisheries. However, challenges will arise in crafting refinements, as experience is gained with the program and circumstances change.

Also, the ACC, given its lengthy experience with Olympic fishery threats to overall sustainability of resources, resulting in excesses of discards of target and non-target groundfish species, bycatch mortality of crabs, halibut, salmon and herring, and threats to the safety of life at sea, recognizes a pressing need for the NPFMC to adopt at the earliest possible date, a suite of preferred alternatives for fair and balanced rationalization programs for the Bering Sea and Aleutian Islands non-pollock groundfish fisheries and for the Gulf of Alaska pollock, cod and flatfish fisheries.

Additional comments.

The ACC has long taken an interest in ecosystem management proposals. While we find them intellectually interesting, we believe them to run the risk of making an already complicated, yet highly effective, management system unworkable, excessively costly, and prone to even more litigation than now swamps the agency. The fact is that the complexity of marine ecosystems exceeds the technical, scientific, and management capabilities of NMFS and NOAA.

The ACC supports ecosystem-based management as an important goal for the nation's federal fisheries management system. The MSA currently allows for an ecosystem-based approach to management and that this approach should be given higher priority with increased research funding and enhanced collaborative efforts among fishing and non-fishing management bodies. The ACC concurs with the National Academy of Sciences ("NAS") conclusion that, given our current state of knowledge, single-species assessments currently provide the best guidance for scientific stock forecasting and fishery management advice. We endorse the use of currently available tools in implementing ecosystem-based management and the resources and funding necessary to better engage those tools on a regional basis.

ACC does not support establishment of a separate ecosystem council, but we do support establishment of regional ecosystem collaborative bodies designed to coordinate fishing and non-fishing information, research and management. The concept of "national standardization" is incompatible with the need for ecosystem approaches. The Regional Fishery Management Councils and NMFS need to maintain the flexibility to manage regional fisheries taking into account regional ecosystem differences. In March of this year, these same conclusions emerged in the official

findings of the NOAA sponsored, Managing Our Nation's Fisheries Conference II. Participants were specifically wary of mandating development of overarching fishery ecosystem plans rather than building an ecosystem approach into existing management practices and plans.

Conclusion

The ACC is a major stakeholder in the BSAI crab fisheries, and therefore, in the MSA. We have a long history of constructive and successful participation in the legislative and regulatory processes, with the goal of improved conservation of our Nation's fisheries.

The ACC believes that the MSA is an excellent law, and should only be amended where a compelling need is demonstrated, the risk of litigation is low, and the probability of demonstrable, material improvement to conservation and management is high. We are strongly opposed to any changes that could increase operator costs or otherwise impede the effective management of individual quota fisheries.

The MSA is the organic fisheries law of our country, and as such, should not be amended by provisions of general application to address special cases. Special legislation, such as that enacted for the BSAI crab fisheries, is by far the preferable route to dealing with unique situations.

Mr. GILCHREST. Mr. Smith.

**STATEMENT OF THORN SMITH, EXECUTIVE DIRECTOR,
NORTH PACIFIC LONGLINE ASSOCIATION**

Mr. SMITH. Good afternoon, Chairman Gilchrest. I'm Thorn Smith of the North Pacific Longline Association. Welcome to Alaska and sincere thanks for the opportunity to express my views on fisheries management successes in Alaska and the reauthorization of the MSA. I very much regret that Mr. Young is not here. I know he too is very much dedicated to this process.

I want to take this opportunity on behalf of all of us to thank Dave Whaley, who we refer to often as a national treasure, for the many, many years of work that he has put into this field. I'm really serious. Dave's been a wonderful guy, continues to be, and, Dave, we appreciate it very much.

I represent freezer longliners that harvest, process, and freeze groundfish, primarily cod, off Alaska. The product is of the highest quality commanding top prices. We deploy baited hooks on the sea bed through automatic baiters to catch our fish. We showed you a little earlier, Mr. Gilchrest, how this stuff looks. We set many miles of this sort of thing on the bottom of the ocean. We're not midwater fishermen which has significance for bycatch and incidental take.

Rather than address the many issues that have been addressed repeatedly here, and I agree with most of those who have gone before, I'd like to address one specific experience we had with the Endangered Species Act with an endangered species and consider what that may tell us about fisheries management and MSA reauthorization.

In the fall of 1995, freezer longliners encountered the mother of all endangered species problems when we took two short-tailed albatrosses on our baited hooks. We were told only that it was a highly endangered species. None of us had ever heard of a short-tailed albatross. In fact, I laughed when told we took the first one. I didn't laugh when I heard about the second one.

I called to ask the Alaska Fisheries Science Center, and that's Bill Aaron, then the director, whether there was such a thing as a short-tailed albatross. Yes, Thorn, there is. OK, Bill, they tell us we caught a couple of them. How many are there? And he pulled

out his 1962 Audubon book and said, Thorn, in 1962, there were 300, and I about died. And I said, well, Bill, how many are there now? He said nobody knows. If you consider that there were 6-8,000 spotted owls when we ran into that crisis and 30-40,000 Steller sea lions in the Western Aleutians, you get an idea of the magnitude of our problem. And things just kept getting worse.

We found out that they were hunted to near extinction at the turn of the 20th Century and you've seen this photograph, Mr. Gilchrest, of the dead birds that are actually thought to be extinct until 1950 when a small remnant population was rediscovered on their home island. It turns out they nest on an active volcano, Torishima. It's a very violently active volcano. It's gone off several times in this century.

In 1908, it blew up and killed 125 people who were there for the purpose of killing albatrosses known in Japan as the raid under the albatross. In 2002, this thing started to blow up again. I was sitting in my office and people gleefully started resending e-mails of the photograph. Fortunately it was not a major eruption. Fortunately none of these eruptions have occurred during the half year when the birds are on the island. But the Japanese scientists warned that that may happen, and if that does happen, they may lose as much as 40 percent of the population. I'll get back to that later.

The significance of all this is not lost on the environmental community. I was advised that there was a consortium of 12 environmental groups coming after us. Indeed, we started getting bad press, including this article which appeared almost immediately in the Science Times in the New York Times.

Mr. GILCHREST. What is the year?

Mr. SMITH. This is Tuesday, November 5th, 1996.

Mr. GILCHREST. Oh.

Mr. SMITH. Early on.

Mr. GILCHREST. I'd like to get a copy of that before we—

Mr. SMITH. You may have this one. And this National Fisherman came out just a little later, January of 1997. This is not going to be a favorable article which told the truth basically.

Mr. GILCHREST. So the New York Times Science Section can sometimes be a little bit off the mark.

Mr. SMITH. I think on the congressional record I prepared that—I did spend a lot of time talking to the reporters and was disappointed in what came out.

Now, then. So I then visited—flew to Anchorage and visited the U.S. Fish & Wildlife Service, who took a dim view of all this stuff to begin with. They had absolutely no idea how to resolve the problem. They did warn me this is a highly endangered species, that they had to write a biological opinion on this species and to determine an incidental take limit. And if they didn't have an incidental take limit, they would have to shut our fishery down.

They informed me further they didn't have the biological or the population dynamic data they needed. The only human being who had that is Hiroshi Hasegawa, Dr. Hasegawa, of Toho University in Japan, and they'd been trying to reach him for two or three years without success. So no bi-op, no incidental take limit, no fishery, no Hasegawa.

So I had been having similar difficulties with the regional director in Alaska of NMFS, who didn't seem very interested in fisheries or in seabirds in fisheries. So I got a \$2,000 ticket and went back to see the national director of NMFS in Washington D.C.

I prepared a slide show like this one. I suggested there that NMFS had taken the initiative with trawl bycatch, had a wonderful scientist on board with the Alaska Fisheries Science Center, hands-on guy who went out and invented new kinds of nets and escape panels that work with industry as well as manufacturers. Might NMFS not consider hiring somebody like that to help us with our seabird problem because we had no idea what to do. And she listened to me, she saw this slide show, she looked me in the eye and said, not our problem, and walked out of the room.

And at that moment, I realized that the official agency had literally turned its back on us, and we were on our own. And that we were going to have to do something very fast because there was an environmental firestorm arising, and they're going to have to do that outside of the traditional fishery management system.

My idea at that point was to try to develop some regulations and get them in the Federal Register before the million-pound hammer came down. So I swore my people to secrecy so we wouldn't attract too much attention. I studied longliner and seabird interactions around the world. Came across the CCAMLR regs from Antarctica, used those to develop a model set of seabird avoidance regulations for Alaska. Gave it to my board of directors, they gave me comments, then we went out to the fleet and all the other associations. We e-mailed, we faxed, we got some mighty interesting comments back from captains at sea. And in the end, we got a pretty good set of regulations.

We went to the North Pacific Council, said we've got a problem, here's our best shot at a solution. They said sounds like a good idea to us, implement these by emergency rule.

Right after that I found Hiroshi Hasegawa. He came to the United States, gave Fish & Wildlife the population dynamics data it needed. They wrote two bi-ops, the first of which gave us a very stringent limit of two shirt-tailed albatrosses per year that we could take in our fishery. The second one said, well, NMFS you will now assess scientifically the effectiveness of the measures of these regulations.

We found that NMFS once again had no expertise, no money, and no particular interest in doing this. So we were obliged to join with Washington Sea Grant, which really does have some seabird experts, Ed Melvin and Julia Parrish. They designed the first ever, massive seabird avoidance experiment ever done in the world, never been done before, completely new experiment. We obtained a series of appropriations to support the work.

In over two years on our commercial fishing vessels, we set millions of hooks in this experiment and discovered that paired streamer lines, this orange stuff right here, suspended over the baits as we set the baits scared the birds away and was very effective. And you, Mr. Gilchrest, have seen on the back of this cover document that we reduced our seabird incidental take by 80 percent. We have not taken a short-tailed albatross since 1998.

Interestingly enough, a week from today, we will begin yet another very large experiment, even larger, by using integrated weight groundlines, like this. It sinks 2-1/2 times as fast as the normal line. Very effective in getting the bait to a depth where birds can't get down to it. Being used widely, and this is widely, in the southern hemisphere. As our principle researcher said this will not only be the biggest seabird avoidance experiment we will have done, it will probably be the biggest one that will ever be done.

In terms of outreach, which is a tough problem, we designed and printed 17,000 of these pamphlets, 3,000 of these books from Australia were distributed this week, 11,000 copies of the North Pacific albatross guide which I showed you earlier which identifies the albatrosses not only for the fishermen, but for the observers.

And because these animals fly from Torishima off Japan, off the Russian coast, China coast, Korean coast, up to Alaska each year, we wanted to reach out to some of these other countries. We knew that the Russians had taken a short-tailed albatross, so we joined with the Marine Conservation Alliance and the World Wildlife Fund, translated this guide into Cyrillic, had it printed, took it to Russia, and World Wildlife delivered it to the longliners.

And then I went too with my slide show to Russia, China, Korea, Japan, Singapore, Hawaii, Midway, and so forth. The University printed up this video which actually went to our fleet and elsewhere. This also was translated into Cyrillic and delivered to the Russians.

Mr. GILCHREST. Mr. Smith, do we have a copy of that video?

Mr. SMITH. You may have this one, sir.

Mr. GILCHREST. Thank you.

Mr. SMITH. We support the short-tailed albatross recovery team set up by Fish & Wildlife. It's a group of Japanese and American scientists and me who are dedicated to the recovery of this animal. We have 50 tasks in the recovery plan. The main though is to establish a new breeding colony on a non-volcanic island.

What lessons have we learned? What significance is there to all this?

First of all, from the perspective of ecosystem-based management, I think it's the first time seabirds have ever been taken into account, certainly in American fishery management. And that I think is—and I think the way this occurred has illustrated what I regard to be ecosystem-based management. There was no real seabird avoidance science at the time. We had to develop it. We had to do it in real-time. And we had to again step outside the traditional framework of fishery management to do it, but we did it. And what we did was discovered a problem, went out and got the results, and designed a program to stop it with the full cooperation of the Council. The Council does this all the time. It was just one example of how it was done.

I think that much can be achieved through cooperative research involving industry and outside third parties like Washington Sea Grant and Alaskans elsewhere. I think much can be achieved outside the box of traditional fishery management as long as we have the cooperation of the councils and the agencies. Overall, I think this is a good thing.

In retrospect, I'm glad NMFS didn't respond. It's a fishery management agency. It's core of expertise is fish, not birds. The MSA is a fishery management statute. The definition of fish is, finfish, mollusks, crustaceans, and all other forms of marine and animals and plant life other than marine mammals and birds. Pretty clear what the framers of the Magnuson Act had in mind.

We don't think it's necessary to amend the statute further to protect seabirds. We've been at this for 10 years now. We know how to do that. We have the tools. We know where the problems are. Any of the material—there's a document showing what an excellent job they've done in Hawaii in avoiding albatrosses. There were a number of things in the earlier bill that we have examined and thought were unnecessary.

We don't think there's any need for a list of fisheries or public comments on such a list, that is, fisheries with seabird problems. Certainly no need for the Secretary to work with fishermen. The Secretary still lacks that expertise. The expertise lies outside the Agency and we've tapped it. We're ready to go if another problem arises.

So we would ask, please, that you not give NMFS any substantive statutory responsibilities with regard to seabirds. NOAA GC says they have authority to implement regs as the ones we've got now. Also, we joined with the State of Alaska and the Marine Conservation Alliance to encourage you not to change the definition of bycatch. Bycatch is fish, not marine mammals or seabirds.

Finally, I was talking with a colleague in Hawaii who's working on this stuff, and he said, you know, Thorn, in retrospect, after all the smoke has cleared, this is a fairly easy problem to solve. We have a localized problem where seagulls are attracted to birds because we're either dumping bait or offal off of the bait. We're only setting bait a very short period of time we're out there, and the fishermen can figure out ways to avoid the birds during that period of time, and they have done so. And the scientist then, this is his words, go out and put numbers around it, and then we develop regulations.

So I just hope that the word seabird will not appear in the Magnuson-Stevens Act.

I'd like to support what Julie Bonney said about the observer program. I think we need Federal funding for small vessels throughout Alaska, beyond the Gulf. I approve the amendment of MSA to be NEPA-compliant, and I think we do need to protect unaggregated observer and other data from FOIA. Thank you, sir.

Mr. GILCREST. Thank you very much, Mr. Smith. Fascinating testimony.

[The prepared statement of Mr. Smith follows:]

**Statement of Thorn Smith, Executive Director,
North Pacific Longline Association**

Mr. Gilchrest, Members of the Subcommittee, Welcome to Alaska and sincere thanks for the opportunity to express my views on fisheries management successes in Alaska and the reauthorization of the MSA. I represent freezer-longliners that harvest, process, and freeze groundfish—primarily cod—off Alaska. The product is of the highest quality, commanding top prices. We deploy baited hooks on the seabed through automatic baiters to catch our fish. Freezer-longliners are owned and operated by Alaskans, Community Development Quota groups, and companies from

Washington State. The Alaska cod fishery and its sustainability are essential to all these groups.

There are many fishery management success stories in Alaska—you will hear some today. I would like to focus on one problem that took us by surprise and required fast footwork and “thinking outside the box” to reach a resolution. It touches on ecosystem management, how science is developed and used in our management process, how that process can work in Alaska and elsewhere, and what lessons it may hold for MSA reauthorization and for the future. There may be some surprises.

In the fall of 1995, the Alaska freezer-longliner fleet ran headlong into the mother of all endangered species problems. We took two short-tailed albatrosses on our baited hooks. These iconic seabirds nest on an active volcanic island off Japan, and were hunted to near extinction by the Japanese at the turn of the nineteenth century. In 1995 the only population information available was that in 1962 there were 300 short-tailed albatrosses in the world (there are now 1,990).

The significance of these takes was not lost on the longline industry or the environmental industry. It was obvious that immediate action was necessary if we were to avoid the million-pound hammer effect of the Endangered Species Act. Unfortunately neither the National Marine Fisheries Service (NMFS) with responsibility for the fishery, nor the U.S. Fish and Wildlife Service (USFWS) with responsibility for the endangered albatrosses, had any idea what to do—the seabird issue had not arisen previously in the context of U.S. fishery management. As the environmental industry organized to blow us out of the water, the longline industry undertook an immediate study of longline/seabird problems worldwide and wrote its own set of seabird avoidance regulations. These were approved by the North Pacific Fishery Management Council in December of 1996, and were implemented by May of 1997. The United States Coast Guard (USCG) volunteered to enforce the regulations by overflying the fleet.

The USFWS then wrote a Biological Opinion requiring that NMFS conduct research to determine the effectiveness of the measures contained in the regulations. We found that NMFS did not have the money or the expertise required for the work (NMFS needs and deserves more funding), and here began a remarkable collaboration between the fishing industry and the Washington Sea Grant Program (WSGP)—outside of the usual fishery management process. Industry was able to obtain funding from Congress, and the WSGP seabird experts designed and staffed a first-ever massive experiment to test seabird avoidance methods. The experiment was conducted over a period of two years on vessels participating in the commercial longline fisheries—millions of hooks were set. In the end it was discovered that paired streamer lines suspended over the baited hooks while setting gear were 88%-100% effective in deterring seabird strikes. The method that worked for albatrosses worked for all seabird species. Paired streamer lines are now required on our longliners and the longliners of many other countries. Since the implementation of our first regulations in 1997, we have reduced overall seabird incidental take in the freezer-longliner fleet by more than 80%. No short-tailed albatrosses have been taken since 1998. A week from now, on July 15, we will begin at-sea testing of integrated weight groundlines, which sink two and one-half times as fast as unweighted groundlines, and which have been found highly effective in avoiding seabirds in Southern Hemisphere longline fisheries. Again we are working with Washington Sea Grant.

The fishing industry engaged in extensive outreach exercises to get the word to longliners at home and abroad. We printed and NMFS distributed 17,000 brochures on the new regulations and on streamer lines. We created and laminated in plastic a North Pacific Albatross Guide for use by our longliners and observers. These guides were delivered to longliners in Hawaii and on the West Coast of Canada. The Marine Conservation Alliance and the North Pacific Longline Association had the guides translated into Cyrillic, laminated in plastic, and hand-carried to Russia where they were delivered to Russian longliners by the World Wildlife Fund—which has a remarkable program promoting conservation in Russian longline fisheries. Washington Sea Grant prepared an excellent video, “Off the Hook,” which demonstrates the use of streamer lines on longliners of various sizes. These were distributed to the fleet. I developed a seabird avoidance slide show which I presented in the U.S. and several foreign longlining countries. USFWS created a program with the Pacific States Marine Fisheries Commission (PSMFC) to deliver streamer lines to the fleet free of charge. There were many other outreach efforts.

Finally, the industry obtained appropriations for the Short-Tailed Albatross Recovery Team, a group of Japanese and American scientists dedicated to recovery of the species.

What can we learn from all this? First, it constitutes an expansion of the concept of ecosystem-based management, as seabirds had not previously been considered in

U.S. fishery management. Second, it shows that sometimes science must be developed in the course of management—in real time. There was no reliable science of seabird avoidance until our first-time experiment. Third, it shows that amazing things can be accomplished through cooperative research between industry and outside third parties like WSGP. If it can be done in Alaska, it can be done elsewhere. Fourth, it shows that much can be accomplished “outside the box” of routine fishery management—again, with the cooperation of all involved (the Council, NMFS, USFWS, USCG, PSMFC were all supportive). Finally, it shows that there is no need to amend the MSA to ensure the protection of seabirds. Industry and academia have taken the lead here, with great success. In addition to the longliner work above, the trawl fleet is about to conduct seabird avoidance experimentation with the same Washington Sea Grant personnel used in the longline experiment. Our actions are being emulated worldwide. Great progress has been achieved in Hawaiian longline fisheries, as well. We have been at this for ten years now. It is not necessary for Congress to mandate a “list of fisheries with significant seabird interaction problems,” or for public comment on such a list, or for the Secretary to work with industry to develop seabird avoidance methodologies. The problem fisheries have been identified, and most of the problems are well on the way to resolution. Such work is best done collaboratively by industry and academia, with support from the councils and agencies. Grant Authority to fund such activity is a good idea.

There is no need to change the definition of “bycatch” in the MSA to include seabirds, for the above reasons. The MSA is a fisheries statute, and NMFS is a fisheries agency. If seabirds were included in “bycatch,” a number of substantive obligations come into play that are aimed at fish, not seabirds or marine mammals. Modifying the definition of “bycatch” would put us on a slippery slope, shift the focus of the fishery management program, and invite frivolous litigation. We should recognize that the MSA and NMFS cannot do everything, and rely on responsible industry and academia to resolve problems that are outside the core expertise of the agency and the councils.

In this regard I have recently been reminded by a colleague at the Western Pacific Fishery Management Council that the seabird incidental take problem is a relatively easy one to fix—unlike the sea turtle problem. The birds are focused on fishing vessels and their bait or offal discharge. The problem is a highly localized one, and fishermen have been able to develop solutions. Please see Melvin and Parrish, “Focusing and Testing Fisher Know-How to Solve Conservation Problems: A Common Sense Approach.”

As a final aside on another topic, the continued warming of North Pacific and Arctic waters is a real concern for all of us. Some problems really are beyond legislation.

In closing, I thank you again for the opportunity to express these views, and wish you the best of luck in the MSA reauthorization process.

Mr. GILCHREST. I think I'll start with you with the questioning.

Mr. SMITH. Uh oh.

Mr. GILCHREST. Since we're talking about seabirds. And I really—I hate to take this art—this may be, this is a 1996 Science Times from the New York Times, and I may just want to keep it as a—I don't know. Do you want this back as a souvenir? It looks like—

Mr. SMITH. I bought 200 when it came out.

Mr. GILCHREST. You bought 200.

Mr. SMITH. I have stacks.

Mr. GILCHREST. All right, good.

Mr. SMITH. And I'll have you know I was talking to Andy Ruskin (ph) of their staff and trying to get him to, not write a retraction, but to get him to write an article in Science Times that will explain what has been done in the interim.

Mr. GILCHREST. Well, I appreciate the copy because I read it every Tuesday.

Mr. SMITH. Good, would you call Andy for me.

Mr. GILCHREST. I look forward—it's the most important thing for me to do every Tuesday morning is to read the Science Times of the New York Times.

Mr. SMITH. I enjoy it too, yeah.

Mr. GILCHREST. My question though is what was happening to seabirds in 1996 compared with longliners compared to what's happening with seabirds and longliners in 2005.

Mr. SMITH. Well, in 2005 (sic) we encountered this problem, which took us completely by surprise. And it was in the fall, I think.

Mr. GILCHREST. Was it '96, you mean.

Mr. SMITH. No, '95.

Mr. GILCHREST. Oh, '95.

Mr. SMITH. 1995. And when I made my efforts to get help that was unsuccessful, I realized we were completely exposed to an onslaught by the environmental community. And so I kind of went underground for awhile. I swore my board to secrecy. I said don't talk about this. It'll leak from NMFS eventually, but keep quiet because we got to do something. And then I engaged in about a six-month study of, you know, I couldn't spend all my time on it, but every time I had—whenever I had time I contacted somebody, and it kept going all around the world and mostly found problems in the southern hemisphere. And the only regulations in the world were the CCAMLR regulations, the Antarctic regulations, and use those for a model.

So in '96, I was going through that. We got our regs done and the process I described I would say in about September, October, and went to the Council late in that year. So we were at the point of, when that article was written, we had developed our regulations, were trying to get them to and through the Council, and the Council cooperated completely. They were in effect the next day which is the fastest that kind of thing has ever happened.

Mr. GILCHREST. So what you've done starting in '95 certainly to the present is develop gear technology that is much better today for seabird avoidance than it was when this article was written.

Mr. SMITH. Well, there was no technology when that article was written.

Mr. GILCHREST. OK.

Mr. SMITH. There wasn't anything yet. And the answer is, yes, and a lot of—Ed Melvin and his colleague did a wonderful job. This is their report, and I've given you an executive summary, and I'll give you this one if you want. This is a report that he turned out that is very thorough going—basically became the Bible for seabird avoidance around the world, and a lot of other countries have followed suit. I won't say we're the only people who've been involved in this. The Australians have been involved too at the same time.

Mr. GILCHREST. I see.

Mr. SMITH. But this was the first major study and the work that Ed and his colleague did was utterly fantastic. And it really started a great interest in many, many countries in this particular issue.

Mr. GILCHREST. Well, we'll take a—certainly we'll take a look at all the information that is given to us this morning. There has been a great deal of interest in seabird avoidance by a number of different groups, so as we go through the process of reauthorizing

this, we'll keep your thoughts in mind as far as any reference to seabirds, seabird avoidance, and gear technology in our reauthorization. But we want to compliment you on your relentless efforts to solve this problem.

Mr. SMITH. Well, I just encourage you to understand that we're not alone. There are other parts of our seafood industry who have done similar things, and I think that's a part of our management process, as I explained to you in our conversation earlier. I don't think you need to legislate everything. I think sometimes you confuse things when you legislate. I'm very confident that you open yourself up for what might be frivolous litigation when you do that.

We've experienced so much litigation that the agencies can't do their jobs. So I would say please keep seabirds out of the statute. We're taking care of it. Others like us in Hawaii are taking care of it, and we're ready to help when somebody else runs into a problem. We've got the tools, we've got the people, we can do it.

Mr. GILCHREST. All right. Thank you very much.

I guess I'm going to have some, except for maybe Mr. Duffy, but anyone else can answer this particular question. Mr. Duffy mentioned an ecosystem approach with the pollock fishery in the Bering Sea, if I'm paraphrasing correctly. I guess my question is as we, and it's been mentioned by a number of different panels, both here and Ketchikan and certainly other places around the country, as we pursue this reauthorization, your recommendation as far as any reference to national standards or to an ecosystem pilot project or approach as far as the Magnuson Act is concerned, do you have any recommendations on how we approach that in statute, in language, in reference. And each panel has mentioned that, I don't know when it was. I guess two or three years ago we had a Magnuson Reauthorization Act that passed the full committee but never made it to the House Floor for a number of reasons.

Our approach was at the time, but I think the councils and a lot of people have gone at least that far and maybe have exceeded what we did a few years, was for two years to take a look at what we didn't know about ecosystems, for a year with enough money to fill in the gap of what we didn't know. And then in the fourth and fifth year of the reauthorization, we were to develop—we wanted to develop with councils on the West and East Coast, a pilot project and pilot projects for an ecosystem fisheries management plan in a particular fishery.

It sounds like though a number of—North Pacific Council as well as some other councils have actually moved in that direction without that statute. But do you have any recommendation on the kind of way we should treat ecosystems in this new reauthorization?

Mr. DUFFY. Thank you, Mr. Chairman, for that question. It's a big one. I would proceed with caution; that may not be helpful, but that would be my first recommendation. I do not think it would be appropriate in reauthorization to have detailed criteria for establishing a framework for an ecosystem approach.

In my previous testimony, the point I was trying to make is I think the way that the Bering Sea/Aleutian Island pollock fishery is managed with its conservative catch limit, bycatch, minimal bycatch impacts, comprehensive observer and monitoring program,

that we are really, and one can argue, we are conducting an ecosystem-based approach as we speak. We just didn't call it that over the last few years. And so I would urge caution.

In terms of reference to a pilot type project in reauthorization, I think there was previous testimony from Ms. Salveson and Ms. Madsen about some of the things that the North Pacific Council is looking at out in the Aleutian Islands. So I would not encourage detailed criteria on an ecosystem approach under reauthorization.

There are a number of arguments that I believe previous council members, like me and others, would make. For example, the programmatic SEIS for the management of the Bering Sea/Aleutian Island and Gulf of Alaska groundfish fisheries is a comprehensive document just approved by the Council. And the programmatic SEIS envisions making progress through time best on scientific information on a number of the measures that we've been talking about today, whether it's bycatch reduction, whether it's, you know, there's a whole set of provisions they've been looking at with the reauthorization.

So I think the Council's doing it. I think pushing to maintain the regional structure and to allow them to move forward is the best way to go. And I am concerned that if there are general references in Magnuson-Stevens to ecosystem approaches, it could lead to litigation, and I'm concerned about that. Thank you, Mr. Chairman.

Mr. GILCHREST. Thank you.

Anyone else want to make a comment on that?

Mr. SMITH. I would certainly concur, Mr. Gilchrest. I think the North Pacific Council is making rapid strides in this direction. I think the seabird incident is just one small instance of what they've done. I think it's what we refer to as adaptive management where we see a problem, we have enough science to tackle the problem, and we go right after it. We're very aggressive about it. And as a non-scientist, I can tell you that some of the stuff they do is more or less beyond me. It's really kind of good stuff, I think. I would prefer that the statute not be amended to set standards or to do anything other than generally encourage ecosystem management. And frankly you talk to a lot of scientists, they say we're not sure what that is. They don't have the science yet.

Mr. GILCHREST. Mr. Thomson.

Mr. THOMSON. Yes, Mr. Chairman. I would just like to refer to the comments of Stephanie Madsen and Chris Oliver of the North Pacific Council in terms of their recommendation for development of national guidelines being appropriate which would then be used as strategic guidance rather than as regulatory requirements for implementation specific regulatory programs to the existing FMPs.

In other words, you just build ecosystem management into existing FMPs. And we believe that, you know, the Magnuson-Stevens Act as it stands allows you to incorporate ecosystem management into existing FMPs.

We're also concerned about if we start authorizing specific statutes in terms of ecosystem management, that it could result in litigation and swamp the Agency with litigation.

Mr. GILCHREST. I see. Thank you.

Now, I'm not sure if it was Mr. Reed or Mr. Duffy, maybe Mr. Kelty, somebody on this side of the room that made a

recommendation for an amendment which I wanted to ask about. The recommendation for an amendment was that, I'm going to paraphrase here, for the SSC, the scientific statistical committee, when they give their acceptable biological catch to the council, the amendment recommendation was that the council could not exceed that, and put that in statute. That's a fascinating recommendation, and I'm just—I'm not sure who said it, but, OK, Mr. Duffy.

Mr. DUFFY. Mr. Chairman, that was me. I should have learned from sitting in DAP about being too definitive in my testimony this morning, but I didn't.

Yes, APA does believe that that would be an appropriate action to consider under reauthorization to ensure that the councils set total allowable harvest levels lower than the ABCs in all circumstances recommended by the SSC. I also believe that that is the position of the Marine Conservation Alliance in some of their written testimony as well.

Mr. GILCHREST. Thank you.

Does anyone else want to make a comment on it? Mr. Reed.

Mr. REED. Thank you, Mr. Chairman. I think that's a fairly commonly held belief that surprises a lot of people from other parts of the country that folks who represent industry would support such an idea. And in my limited travels around, talking to folks in different regions, you know, you had mentioned in describing where you're from, how they had a system in place for 300 years and people like it, and change is considered to be something that isn't embraced maybe as much as you see here.

We've had a system in place since 1976 or a little bit later of Americanizing this resource. So we look at it differently. I think it's natural. And I think that in the last 30 years this, as people have told you, this state's benefited greatly from this, and we want to preserve that.

The folks that I represent and the other people here represent have invested hundreds of millions of dollars based on a long-term healthy resource for us to have access to and to operate our businesses with. And so it seems counterintuitive sometimes when we go around and they say you guys would support having scientists determine how much you can catch and think nothing of it, but we have over the 30 years of the program I think gained faith in our scientists. We don't always agree with them, but we want the research here next year, too, and the years beyond to take benefit of the investment that we've made. So I think that that's a fairly commonly held position that you'll find in the North Pacific. We want to have a good future.

Mr. GILCHREST. Thank you very much.

Yes, sir.

Mr. ASICKSIK. I think I can speak for the other five CDQ groups that, you know, that's something that we would like to see also because most of the communities are within 50 miles of the Bering Sea and they're predominantly Native residents in those communities and a lot of the subsistence occurs. So what happens out in the Bering Sea has an impact, you know, not just on the CDQ groups, but how subsistence is driven, you know, in each of our respective communities.

Mr. GILCHREST. Thank you very much.

Mr. Kelty.

Mr. KELTY. I think I would just concur with that. You know, some of the, in my neck of the woods where I live we're in some of the most remote areas in Alaska, and all we have is the seafood industry. We're not on the road system. We're, you know, we don't have—it costs a thousand bucks round-trip to go to Unalaska from Anchorage, so our tourist industry is not booming right now. We don't have a golf course. We don't have a Coast Guard Base. So the sustainability of this resource is all we have, as I said in my testimony, so it's very important.

Mr. GILCHREST. Thank you very much.

Yes, sir.

Mr. REED. I want to clarify too that he also has no woods.

Mr. KELTY. I have no trees.

Mr. GILCHREST. No trees.

Mr. KELTY. The Russians logged us off.

Mr. GILCHREST. Oh, my.

Mr. KELTY. In the early 1800s.

Mr. GILCHREST. The other question I had for actually all of you who have some direct interest in this particular arena of observers, is the question of should they be professionals or technicians? Where do we come down on that as far as vessel ownership/liability of the observers are concerned. And I'm not sure who, someone said they should be considered professionals. And that's an issue that I think we need to deal with so liability, the designation of profession or technician, where is that profession heading.

Mr. DUFFY. Mr. Chairman, once again, that was my testimony. First, in the groundfish fishery in Alaska, I think the cost to the industry is on the order of \$13 million a year, industry-funded, for observer programs.

What has happened is in the absence of the clear definition whether observers are considered technicians or professional, if they're considered technicians, then there is significant overtime involved even when they're on the vessel. Because we have two observers on-board our catcher-processor vessels around the clock. We operate around the clock; two observers on board, 200 percent observer coverage.

If they're identified as professionals, then I think you have some cost containment measures that in the end will provide more extensive observer coverage as opposed to the cost going up significantly. So that was the point I was trying to make by identifying them as professionals. The industry, as you've probably gathered from being here at the hearing, is very supportive of an observer program. Sure there's some tweaks they might want to add here and there, whether it's confidentiality or other issues, but I think it's important to note that the industry is very supportive of having a comprehensive observer program. But we don't want the cost to be so cost prohibitive that we would scale back in the observer coverage.

I think there are other issues that I didn't touch on relative to the Gulf where I believe we're going to need some additional funding like in other areas of the country to help support an observer program in the Gulf particularly for the small boat fleet. But that was the issue that I brought up.

Mr. GILCHREST. Thank you very much.

Mr. Smith.

Mr. SMITH. Mr. Gilchrest, I'm not an expert in this area. I have consulted briefly with an expert here and we will provide you with a memorandum during this 60-day period that will try to elucidate this for you.

Mr. GILCHREST. Well, thank you.

Mr. SMITH. It's explained to me that there are two issues here. The professional-technician issue has to do primarily with overtime pay and has nothing to do with liability. And on the liability issue, I believe that there's a question of whether the Jones Act or the Longshoremen's Act applies. I am a non-expert here, and so we will supply you with something written by somebody smarter than me.

Mr. GILCHREST. Thank you very much.

Mr. Thomson.

Mr. THOMSON. Yes, Mr. Gilchrest, I don't pretend to be an expert either, but I would concur with Mr. Duffy's remarks about the professional status of observers because it can help us contain the cost of observers, for sure.

Mr. GILCHREST. Thank you.

Mr. THOMSON. Well, I guess, also I would add that the observers in the North Pacific have a very wide and professional range of duties. And as I understand it, the duties of the observers up here in terms of observing bycatch and knowledge of all different types of species and these kinds of things, would warrant them having this distinction as professionals.

Mr. GILCHREST. Gentlemen, you have provided us with an extraordinary range of information that will be analyzed by us, and I think of great benefit as we proceed to reauthorize the Act.

And the hearing record will be open for 60 days. And, Mr. Asicksik, I think that takes in, if it doesn't, we'll incorporate your remarks into the record, but I'm looking forward to your recommendations for the CDQ program. I think you made mention that by August the 15th you will have some of those recommendations from your six communities.

Mr. ASICKSIK. Yes. And when it was heard that there would be hearings in Alaska, of course, you know, all six groups would probably have liked to be here and testified, but we were informed that they would hear only from one. So my testimony was basically put together by six of the groups.

Mr. GILCHREST. I see.

Mr. ASICKSIK. And that's why we requested that the hearing period be open, so each individual group can submit its own written testimony.

Mr. GILCHREST. Well, we will look forward to those recommendations.

Mr. ASICKSIK. Thank you.

Mr. GILCHREST. Gentlemen, it's been a pleasure. It's a wonderful place, Kodiak. Thank you all very much.

[Whereupon, at 3:13 p.m., the Subcommittee was adjourned.]

[A statement submitted for the record by the Central Bering Sea Fishermen's Association follows:]

Statement of the Central Bering Sea Fishermen's Association

I would like to thank you, Mr. Chairman, for holding this hearing. I ask that the Central Bering Sea Fishermen's Association (CBSFA) testimony be included in the record in its entirety.

I. Introduction:

In recent months, CBSFA has been actively involved with the other CDQ groups in efforts to amend certain aspects of the CDQ Program that will allow for its modernization and will reflect the level of economic maturity that many groups have achieved. While CBSFA is supportive of the objectives being pursued it has concerns about the proposed allocation freeze, in particular with respect to the valuable pollock allocation; the definition of the principal purposes of the CDQ program; and certain aspects of the program's administration. This testimony will elaborate on these concerns in greater detail below.

II. The CDQ Program and Its Success on Saint Paul Island:

On St. Paul Island, sixty Aleuts now earn all, or a portion, of their living from the halibut fishery. CBSFA has been able to create a self-sustaining Halibut fishing coop for the local fishing fleet to harvest our CDQ Halibut. Over the past two years CBSFA has been able to increase the ex-vessel price paid to local St. Paul fishermen from a past average of \$1.50 per pound to \$2.60 in 2003 and \$2.77 in 2004. Taking into consideration that the Halibut harvest has declined by over half since 2002 this increase in ex-vessel pricing has helped the local fishermen and their families dramatically. Thus, St. Paul residents have been provided with total revenue of \$1,071,200 in 2003 and \$865,000 in 2004. Had the fishery remained status quo St. Paul residents would have received \$618,000 in 2003 and \$468,000 in 2004, a combined difference of 44%.

As a result of recent reduced Catch Per Unit of Effort in Area 4C, CBSFA has successfully worked with the North Pacific Fisheries Management Council to allow the harvest of 4C IFQ and CDQ in adjoining, and much larger, Area 4D. This action allows for the continued successful harvest of halibut resources by local quota holders while protecting the resource itself.

The CDQ halibut fishery is a three month fishery that can be harvested by small boats during the day when the weather in the Bering Sea permits it. There are twelve captains of commercial day fishing vessels on St. Paul. The halibut fishery is a day fishery where the CBSFA fishermen fish on 20 to 36-foot boats. Some of the most successful captains are now trying to upgrade their boats to larger vessels in order to participate in other commercial fisheries for additional species where the fishermen have to venture further from port.

All this has happened in the last 15 years thanks to the CDQ Program. Despite the fact that 55% of the United States' commercial fishing industry catches their fish within 65 miles of Saint Paul Island, there would not be an economically viable inshore fishing fleet in the community without the CDQ Program.

The CDQ Program allows access to the fish and provides the resources to finance individual CBSFA fishermen in purchasing boats and also in purchasing additional IFQ halibut in the area around Saint Paul Island. Without the CDQ Program, this would be another situation where the residents of Saint Paul, which is over 90 percent Aleut, would have sat by in poverty and watched people from Seattle, Anchorage, Kodiak and Dutch Harbor benefit from the halibut resource in the waters around Saint Paul. Whatever improvements are necessary, the bottom line is that this program is a success.

Giving local residents a stake in the sustainability of the commercial resources in their coastal areas is also one of the most effective ways to assure that the resource is well-managed. Unlike the distant water commercial fleet, which can move to other fishing grounds around the world if the resource is over fished, the residents of St. Paul Island, Alaska, and the other Western Alaska coastal communities, are not able to pick up their communities and move to distant grounds when a fishery declines as a result of mismanagement, or otherwise. This alone is an important benefit of the CDQ Program.

The future of Saint Paul Island depends on the CDQ Program too. If CBSFA receives adequate allocations, particularly in pollock, and if it is not burdened with excessive regulation, there is potential for:

- 1) moving a processor to the harbor to process cod, pollock and other flat fish. This venture will expand the markets for the whole fleet and of course, CBSFA members;
- 2) the continued harvest and processing of crab for the benefit of CDQ groups that are not located near the resource under the newly rationalized crab

fishery. CDQ crab harvesting and processing on Saint Paul benefits all the CDQ groups;

- 3) the ability of the community to develop the necessary infrastructure, such as the construction of the local authorized small boat harbor, so that CBSFA can upgrade its boats and other groups can take advantage of the immense resource around Saint Paul;
- 4) the revenues to finance individual fishermen's acquisition of larger vessels and additional fish quotas so that the fishermen can expand and diversify into other fisheries, and
- 5) the training, internship and other educational programs to allow the local Aleut residents to participate successfully in these developments.

CBSFA is concerned about a proposed allocation freeze that would limit its pollock allocation (which is worth 84% of the entire CDQ Program's royalty income) at 60% of its original levels. CBSFA historic allocation of pollock stood at 10% and was reduced over the years, through decisions that CBSFA considers unjustified, to 4%. In recent allocation cycles CBSFA has been able to recoup one percentage point, to 5%, and based on the recommendations for the 2006-2008 cycle, CBSFA's allocation would be increased to 6%. A freeze at 60% of its original levels would prejudice this upward trend and would limit CBSFA from undertaking the numerous fishery-related projects discussed above that are important to the community and other CDQ groups as well. CBSFA aspires to end up closer to its historic pollock allocation levels.

III. The Establishment of the CDQ Program:

The CDQ Program was initially established by the North Pacific Fishery Management Council (NPFMC) in 1991 to allow fishermen residing in Western Alaska communities an opportunity to participate in the Bering Sea/Aleutian Islands ground fisheries and other near-shore fisheries as part of the Council's Pollock Fishery Management Plan. The reason given was to provide a means to initiate or support commercial fisheries activities which will result in sustainable, regionally based commercial fisheries economies. The National Research Council notes the "...program was designed to improve social and economic conditions...by helping communities build their capacity to engage in commercial fishing."

When the NPFMC program was statutorily incorporated into the Sustainable Fisheries Act (Magnuson-Stevens) in 1996, the purpose was expressed as creating an opportunity for the residents of the coastal communities to participate commercially in the Bering Sea fisheries. The regulations implementing Magnuson-Stevens state that the goal is:

"...to allocate CDQ (Community Development Quota in certain species) to eligible Western Alaska communities to provide the means for starting or supporting commercial fisheries business activities that will result in an on-going, regionally based, fisheries related economy." 50 C.F.R. 679.1(e)(N).

The regulations are consistent with the initial intent of the NPFMC in establishing the CDQ Program. Thus, Magnuson-Stevens codified the NPFMC's CDQ Program for the Bering Sea. In the House Committee Report, accompanying the House-passed version of Magnuson-Stevens in October 1995, the Committee recommended the continuation of the NPFMC's program pointing out that Western Alaska is one of the poorest, most underdeveloped areas in the United States. Located on the Bering Sea coast, the residents of the area, predominantly Native, have historically watched valuable marine resources exploited by both foreign and domestic distant water fleets. The CDQ Program provides a means to develop the local economies and to give the Native people an opportunity to participate in the commercial fisheries for each species.

While begun in 1991 as part of the NPFMC pollock management plan, in 1992 the NPFMC, in conjunction with a limited access plan for halibut and cod, expanded the CDQ Program. Eligible communities were authorized to expand their participation by allowing them to harvest 20 percent of the total allowable catch of Bering Sea cod and approximately 20 percent of the Bering Sea halibut. The plan was implemented in 1995 and has been the basis for developing the halibut and cod fishery at St. Paul Island.

The 1996 Magnuson-Stevens Act reauthorization codified the additional pollock, cod and halibut fisheries and expanded the program to include a percentage of each species of the Bering Sea fishery. To accomplish this objective, the Act amended Section 313 of the Magnuson-Act to require the NPFMC to establish, and the Secretary of Commerce to adopt, regulations implementing the Western Alaska CDQ Program as a permanent, independent program.

The House Committee Report specifically states that:

"The Committee expects that, for each Bering Sea fishery, the NPFMC, with the final approval of the Secretary, will allocate to the communities participating in the program a percentage that is adequate to ensure their significant and sustainable economic participation in the fishery."

The CDQ Program was considered, by both houses of Congress, to be very important for the coastal communities in order to provide the opportunity for their commercial and subsistence fishermen to ensure healthy coastal communities. The program is essential for providing access to the resources in order to develop self-sustaining fisheries-based economies and infrastructures to support continued development. In addition, by becoming stakeholders in the nearby commercial fishery resource, the program creates the incentive among coastal community residents to work for the protection and sustainable management of the resources on which they, their families, and their communities depend for economic and cultural survival.

In implementing the federal regulations contained in 50 C.F.R. 679.30, the State promulgated regulations in 6 AAC 93. State regulations have been issued and the State has been managing the program, but there are clearly areas of the program administration that need to be reviewed and, from the CBSFA perspective, improved.

As amendments to the program are discussed, CBSFA considers it important that given Saint Paul Island's proximity to so much of the Bering Sea's fisheries, and its almost absolute dependence on these resources, the program's initial conception of providing eligible communities with the opportunity to participate and invest in fishery-related activities to provide economic and social benefits to residents and allow such communities to achieve sustainable and diversified economies, should be protected.

IV. Problems with the Program:

A. Allocations:

One of the main areas of discussion is whether the State of Alaska should make periodic determinations on allocation levels, which also ties in to issues regarding the administration of the program.

As the Saint Paul halibut fleet demonstrates, access to the resources; financing and education; and infrastructure and markets are all important benefits that allow natives in western Alaska to participate in the private sector economy. The administration of the CDQ Program by short-term periodic, competitive allocations among the CDQ groups, particularly when the principal requirement is creation of jobs (of whatever nature), undermines the program. The competition process does not further the original intent of the CDQ Program and should be reconsidered.

In some cases, consideration of population and the pressure for low-end jobs ends up as a higher priority than (1) long-term investment in a sustainable business enterprise, (2) infrastructure that creates opportunities for the coastal communities to participate in a sustainable fishery, or (3) in St. Paul's case, the development of a new fleet of commercial fishermen succeeding in a day boat halibut and cod fishery because they have access to the fish and the capital. CBSFA, for example, has suffered significant losses under the competitive allocation process (CBSFA at one point lost 60% of its original allocation) despite the fact that CBSFA is one of the CDQ groups that is and has excellent prospects for continuing to develop the infrastructure and the processing capacity to allow all Alaska and Northwest residents and its member fishermen to process species close to the resource.

Generally, CBSFA agrees with the 1999 National Academy of Sciences study on the CDQ Program in Alaska that by making a long-term commitment to the CDQ Program, simplifying the criteria used in the allocation of quotas and reducing the high administrative expenses, the CDQ Program will run much more effectively. Ultimately, CDQ groups should be allowed to submit business records including annual audited financial statements maintained in the ordinary course of business, so that they can devote their time to management of CDQ programs.

B. Additional Policy Considerations:

The opportunity for coastal communities to become stakeholders in the local commercial fisheries is important and needs to have a priority role. A CDQ group that has profits and only needs subsidization should not be given greater weight in quota decisions than one that is building commercial fishing infrastructure. CBSFA does not contend that CDQ allocations may not be used to subsidize jobs in some rural villages, even if the commercial fishery has declined or has never been significant in that village. This also may be good public policy. However, both should be balanced and administered to make long-term commercial fisheries development the most important criteria.

The CDQ allocation is also more than just dollars. It is access to the resource. It is the opportunity of the coastal communities to participate in the Bering Sea commercial fishery. At the outset, the allocation may be converted to dollars in order to develop and maintain the infrastructure, or capitalize the business. However, the allocation ultimately is worth more. It is critical to the coastal communities' ability to participate in the commercial fisheries, just as the allocations that are currently given to harvesters or processors allow them to participate.

A portion of the CDQ resources awarded to a CDQ Program should be available to be used to develop and maintain public infrastructure in coastal communities on the Bering Sea. If public infrastructure is not supported in these communities, eventually the entire industry will be offshore, a negative development for the State and for conservation. In furtherance of community development, the National Academy of Sciences study on the CDQ Program in Alaska recommends the need for education and training. The study suggests that educational and training monies should be spent two-fold: scholarship money to send young adults to universities and training programs to enable the communities to become more self-sufficient. Education and training reinforces the infrastructure and furthers the investment in these communities. It has helped CBSFA build its fleet.

The commercial fisheries outside of three miles is a federal resource, but the harbors, the small boat facilities, the outfalls, and other infrastructure that a community needs to participate in a fishery, requires a substantial investment of local resources. The federal resource should support access to the federal commercial fishery.

V. Conclusion:

The CDQ Program is one of the most innovative and successful economic development programs that creates economic opportunities in those communities adjacent to our fishery resources. On behalf of CBSFA, we stand ready and willing to assist the Subcommittee, the Congress, the National Marine Fisheries Service, and the State of Alaska in revising the CDQ Program to carry out its intent. This program is a winner and has been crucial to the development of and participation in St. Paul Island's halibut, cod, crab and pollock fisheries. It clearly has worked on St. Paul, but there is much to be done.

On St. Paul the Corps of Engineers' Small Boat Harbor Project requires local sponsor matching funds, and CDQ resources are available for this. The expansion of processing capabilities so that the local fishermen, and the Northwest fleet can process at St. Paul Island is beneficial to the United States, the State of Alaska, and the entire Northwest and should be a priority of the program. It requires a viable CDQ partnership in order for this to happen.

In the longer term, the CDQ Program is critical to the development of waste facilities, outfalls, and other infrastructure necessary to allow one of the most important ecosystems in the Northern Hemisphere to develop in a sustainable, environmentally friendly manner. By giving the coastal communities an allocation of resource, the same as we do to harvesters and processors, the community has a stake in the management of that resource. This ensures that coastal communities will be active participants in pursuing goals of conservation, resource sustainability, and better management of the fisheries.

Thank you for the opportunity to testify.

[NOTE: Additional information submitted for the record has been retained in the Committee's official files.]

