



March 31, 2015

Kevin Anson, Chairman
Gulf of Mexico Fishery Management Council
2203 N. Lois Avenue, Suite 1100
Tampa, Florida 33607

Dear Chairman Anson,

On behalf of the Gulf of Mexico Reef Fish Shareholders' Alliance (Shareholders' Alliance), please accept these comments on the proposed Amendment 36 scoping document.

Summary

Red snapper are rebuilding, thanks in large part to an accountable and well-managed commercial individual fishing quota (IFQ) program. This clearly shows that the red snapper IFQ is working. The IFQ is meeting the goals of the program, which are to reduce overcapacity, minimize derby conditions, and rebuild the resource. The IFQ Five Year Review confirmed this.

The IFQ program has created a market-based management system that allows fishermen entrepreneurs to invest in building a stable business. The program shouldn't be restricted through the kind of social engineering proposed in much of Amendment 36.

The IFQ doesn't need wholesale changes that add economic inefficiencies or restrictions to fishing businesses. And since this fishery is not yet rebuilt, we are not yet in a fleet expansion mode. Any improvements to the program should promote conservation and accountability, assist in achieving optimum yield (OY), and create opportunities for industry leadership and collaboration. These should include implementing full retention, improving reporting/hail requirements, promoting the use of community quota banks to reduce red snapper discards, and the development of a federally-backed loan program.

Scoping Document Feedback

Purpose and Need

We support the purpose and need as is written. Amendment 36 should improve the performance of the program to 1) prevent overfishing, 2) achieve OY, and 3) rebuild red snapper. Amendment 36 should not impose additional restrictions on fishermen that don't promote conservation or accountability, increase efficiency, or create economic opportunities for existing businesses.

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Program Eligibility

We oppose creating additional restrictions on who can hold, own, and transfer allocation or shares. These proposals don't promote conservation and don't put any more red snapper in the ocean. Active fishermen depend on obtaining allocation from lease-only shareholders in order to complete their business planning for the year. Restricting this flow of allocation could leave allocation on the table and could increase discards. Additionally and for liability reasons, many fishermen create accounts to hold allocation/shares that are separate from the vessel. Aspects of these proposals would force them to restructure their fishing businesses with no added conservation or economic benefit to the fishery.

Permitting requirements are only one component of what is required to legally harvest and sell red snapper, which also includes vessel monitoring systems, reporting requirements, safety checks, and other commercial fishing operation requirements. Eliminating just the permitting requirement will create confusion, instability, and disruption in the fishery.

Furthermore, some of these options expand who is eligible to participate in the program, which directly contradicts the IFQ program goal of reducing capacity. We are currently not in a fishery-expansion position at this point since the resource is not rebuilt; therefore the timing is not right to promote increased capacity, especially by directly harming existing businesses.

We do not believe that the proposals in this section align with the goals of the IFQ program or the conclusions of the Five Year Review.

Inactive Accounts, Discards, and Redistribution of Shares

We *only* support the closing of accounts that have *never* been active and the redistribution of these shares to the rest of the commercial fishery proportionately based on the individual share percentage. We consider this to be a simple process and fair. We also strongly support redistributing shares to established industry-managed quota banks that have clearly-defined goals and objectives of reducing red snapper discards. Doing this would maximize the impact of this allocation on the discard problem. Active commercial fishermen should have access to that allocation to harvest up to 100% of the available ACL and to increase the net benefit to the nation. This will help the fishery achieve OY and provide American consumer access to this "stranded" allocation. We oppose the redistribution of shares and/or the "skimming off the top" of future allocation increases to those with small or no shares. Identifying "small" businesses becomes very complicated and divisive, and is ultimately not necessary in this market-based system. Furthermore, doing this would increase fishing capacity, which directly contradicts the IFQ program goal of reducing capacity. We are not in a fishery-expansion position at this point.

The IFQ program has created a market-based system that allows fishermen entrepreneurs to invest in building a stable business. Vessels, permits, equipment, shares and allocation are all available to anyone that wants to start their own business. Financing (through banks) and industry collaboration (through quota banks) are two constructive tools that exist to assist these fishermen.

Properly-structured, conservation-minded quota banks promote sustainability and accountability. They are a tool that can directly reduce discards through internal operations, mandates, and accountability measures. They build capacity with the fleet and offer fishermen leaders the opportunity to develop and implement creative solutions to fishery problems. Their growth and development should be supported.

We do not believe that the proposals in this section, with the exception of what we've identified above, align with the goals of the IFQ program or the conclusions of the Five Year Review.

Full Retention, Minimum Size Limit Removal

We support the elimination of the red snapper minimum size limit and we support the requirement to keep every red snapper we catch. This is one of only two ideas in Amendment 36 (quota banks being the other one) that we believe will actually reduce red snapper discards. This proposal will require fishermen to “fish smarter” to avoid red snapper if they are constrained by allocation, which will encourage more industry collaboration and cooperation.

We believe electronic video monitoring can be helpful in enforcing this program, and its voluntary implementation should be prioritized. Commercial fishermen that want the *option* of taking a camera system instead of a human observer should be given the opportunity to do so.

If this proposal is implemented, the assessment process would need to be updated to account for the changes in selectivity, spawning potential ratio, and other biological responses. Furthermore, the discard formula in the red snapper assessment should be recalculated and those participating in this program should receive this discard “credit” in the form of an increase in their shares/allocation. If commercial red snapper fishermen can prove that they are not discarding red snapper, they should not be subject to the assumed amount of discards that is taken off the top in the assessment.

We believe that the proposals in this section align with the goals of the IFQ program and the conclusions of the Five Year Review.

IFQ Share, Allocation, and Vessel Caps

We oppose creating additional restrictions on the amount of shares and allocation an entity can hold. New caps can ultimately be worked around, which makes them an ineffective management tool. They create additional paperwork for fishermen and cost NMFS more money to manage. Caps don’t promote conservation, don’t put more fish in the ocean, and don’t create positive economic value to the fishery.

We do not believe that the proposals in this section align with the goals of the IFQ program or the conclusions of the Five Year Review.

Restrictions on Use of Shares/Allocation

We oppose adding restrictions on who can use shares and how they can be used. Leasing is a critical component of a market-based system - full-time fishing businesses rely on leasing allocation to complete their year, and those that lease out allocation rely on full-time fishing businesses to lease their allocation. There are plenty of examples of fishermen being unable to use their allocation in a given year (personal injury, boat damage or haul out, etc) and fishermen shouldn’t be penalized for these circumstances by having their shares or allocation taken away. Disrupting this market will have unintended consequences including stranded allocation and an increase in discards, which puts them in direct conflict with the goals of the IFQ program.

At this time we don’t support rolling over unused quota into the following year because it gets very complicated to manage this – what happens if quotas decline the next year? What happens if the rollover causes the fishery to exceed the allowable biological catch (ABC)? Would NMFS need to look at 2 year annual catch limits (ACLs) to accommodate this? How many years in a row would rollover be allowed? We believe that the existing one-time 10% overage provision gives fishermen sufficient opportunity to catch their annual allocation and achieve OY.

At this time we don’t support lease-to-own provisions because this may inadvertently restrict leasing. Fishermen leasing allocation may be less likely to lease out if their allocation is discounted through this process and would ultimately be taken from them. Disrupting this market will have unintended consequences including stranded allocation and an increase in discards, which puts them in direct conflict with the goals of the IFQ program.

Individual fishermen are free to independently develop lease-to-own agreements with each other – it should not be mandated.

We do not believe the proposals in this section align with the goals of the IFQ program or the conclusions of the Five Year Review.

Mid-Year Quota Changes

We oppose the withholding allocation at the start of the fishing year to account for mid-year allocation changes. Doing so would increase uncertainty and instability in the commercial fishery, which directly contradicts one of the goals of the IFQ program. This idea also penalizes those fishermen that plan to catch their full allocation in the first half of the year.

We strongly believe that NMFS and the Gulf Council need to be accountable for making timely quota-based decisions *before* the start of the fishing season, and that the necessary logistical and resources changes be made to ensure this happens.

We do not believe the proposal in this section aligns with the goals of the IFQ program or the conclusions of the Five Year Review.

Enforcement of all Reef Fish Landings

We strongly support hail requirements for reef fish trips that don't have IFQ species onboard. This proposal will increase accountability and create consistency in reporting within the commercial reef fish fishery. It will help increase enforcement of illegal landings of IFQ-species on non-IFQ trips.

We believe that this proposal aligns with the goals of the IFQ program and the conclusions of the Five Year Review.

Additional Issues

We support the development and prioritization of a federal-backed loan program and federal quota registry. Programs like these help *all* fishermen get financing and secure loans to improve their businesses without imposing economic restrictions on already-successful businesses. We understand that this conversation has already occurred and that the Gulf Council has previously supported this program. We also understand that this proposal has stalled at NMFS due to a “lack of resources and it not being a priority.” We ask the Gulf Council to petition NMFS to prioritize this program for implementation by 2016.

We believe that this proposal aligns with the goals of the IFQ program and the conclusions of the Five Year Review.

We would also like to take this opportunity to vehemently oppose a recent and critical threat to the red snapper (and grouper/tilefish) IFQ system. Recently, representatives from the five Gulf States concocted a plan to exempt themselves from important conservation laws in order to take over management of red snapper and eliminate the commercial IFQ system. This foolhardy plan was put together in a closed-door meeting where fishermen's input was intentionally ignored. We are ashamed of the individuals that are supposed to represent all fishermen (commercial *and* recreational) in the five Gulf States. If/when changes are to be made to this or any other IFQ program, they should be made through the public and transparent process of the Gulf Council and NMFS. State schemes to sidestep the law and be awarded special privileges to harm hundreds of commercial businesses delivering tens of millions of dollars' worth of value to the American consumer should be stopped in their tracks and their colluding counterparts be held accountable for their insolent actions.

Summary

The red snapper IFQ system is helping rebuild this once-nearly-decimated resource for the benefit of all fishermen and the American seafood consumer. Minor improvements, including but not limited to the elimination of red snapper discards, the establishment of community quota banks, and the development of a federally-based loan program, can help improve the performance of this fishery as it continues to rebuild this fishery and achieve OY.

However, many of the proposals in Amendment 36 are beyond the scope of the program goals and objectives, and would impose economic and social harms on existing businesses. Many of the “problems” these “solutions” propose to address have dissipated over time or outright do not exist. Therefore, the proposed actions aren’t necessary at this time.

Thank you for the opportunity to comment, and we look forward to working with the Gulf Council to maintain and grow a stable, accountable, and sustainable red snapper fishery.

Sincerely



Eric Brazer, Deputy Director
Gulf of Mexico Reef Fish Shareholders’ Alliance