

Fisheries experts try new approach

QUOTAS: Fishermen could form nonprofit corporations to issue annual leases of the shares.

By MARY PEMBERTON
The Associated Press

(Published: June 30, 2004)

Fisheries experts are visiting Alaska's coastal villages this summer to tout a program designed to help keep the small-time commercial fisherman in business.

National Marine Fisheries Service experts are introducing options now available in the individual fishing quotas, or IFQs, program for halibut and sablefish. IFQs, introduced in 1995, are the share that each fisherman is allowed of the annual catch.

The program permits fishermen in 42 Gulf of Alaska communities to form nonprofit corporations. Instead of having to buy pricey IFQs, which can mean a minimum \$85,000 loan to fish 5,000 pounds of halibut every year, a fisherman could lease the IFQs from the corporation for, say, \$7,500 a year, said Brian Templin, city planner for Craig on Prince of Wales Island.

The upfront money required now makes it hard for the small-time commercial fishermen to get into business or weather a bad year, Templin said.

Without the program, "the little guy eventually gets squeezed out, the little community eventually gets squeezed out," he said Tuesday.

The idea behind the program is to increase IFQs held by local fishermen and strengthen local economies, said Phil Smith, a NOAA fisheries program administrator.

"The feeling is this won't be a magic bullet," Smith said. "In those communities we're talking about, there is virtually no other economy than commercial fishing."

Under the program, the nonprofit corporations would apply to NOAA to become a Community Quota Entity. The entity would buy and sell fishing quota for the community and would lease the quota to local fishermen.

Smith said Gov. Frank Murkowski had recently signed legislation that provides state loans of about \$2 million per entity to help finance the purchase of quota shares through the program. The money will be available to those entities turned down by commercial banks.

If quota shares are held by a corporation on behalf of the community instead of individuals, the theory is that it would be less likely the shares would be sold, Smith said.

"Working together through a nonprofit structure, these entities would have a better chance to access the capital to buy into the fishery," Smith said. "Working together, they would hold quota on behalf of the community. They would be far less inclined to sell quota once they have obtained it."

So far this summer, Smith and representatives of the state Department of Community and Economic Development have either visited or met with representatives in about half of the 42 eligible communities.

"We see it as an opportunity," said Gale Vick, director of the Gulf of Alaska Coastal Communities Coalition, which worked on the effort for several years. "We see it as a start to bringing some fishing effort (revenue) back to our Gulf of Alaska coastal communities."

Smith said there are several reasons for the decline in commercial fishing, particularly in Southeast Alaska. Small coastal communities were hit hard in the mid-1990s with the decline in demand for wild salmon because of competition from farmed salmon.

At the same time, those fishermen who wanted to stay in business were told to increase the value of their product by improving quality. That meant buying ice machines and incurring other expenses at a time when money was tight. Fishermen also found that the market for pink salmon was so poor they couldn't give the fish away, Smith said.

While some fishermen struggled along, others quit and sold their quota shares because they needed cash.

The result was consolidation, with quota shares going to larger commercial fishing operations in Petersburg and Homer, as well as Seattle area-based fishermen, Vick said.

"We saw such a tremendous loss in the past 10 or 20 years," she said.

In Southeast, halibut quota shares declined 39 percent between 1995 and 2003. The rate fell 32 percent for sablefish. Gross earnings for fishermen fell from \$7 million to \$5.6 million.

Quota shares in Southcentral declined 24 percent for halibut and 42 percent for sablefish over the period. Gross earnings, however, grew from \$2.3 million to \$6.5 million, largely because the price of halibut more than doubled over the period, Smith said.

In Craig, IFQs for halibut decreased 14 percent between 1995 and 2003. Sablefish IFQs fell 36 percent. The community's 49 commercial fishermen earned \$940,000 in 2003, or \$19,183 a year.

Part of the problem was in the way the IFQ program was structured. It turned out particularly bad for Southeast fishermen who during the qualifying period in the 1980s were concentrating mostly on salmon and herring. The allocation amount for halibut and sablefish was determined by what the fishermen had caught in previous years.

Copyright © 2004 [The Anchorage Daily News \(www.adn.com\)](http://www.adn.com)