

## **Statement by Edward H. Backus, Vice President for Community Ecosystem Services, Ecotrust, on Catch Shares in Fisheries to the Subcommittee on Insular Affairs, Oceans and Wildlife, March 16, 2010**

Good morning Chair Bordallo and Members of the Subcommittee.

My name is Edward Backus, and I am the Vice President for Community Ecosystem Services at Ecotrust a non-profit organization based in Portland, Oregon. I am the Founder/Chair of the North Pacific Fisheries Trust, a \$6M community fishing quota revolving investment fund. I very much appreciate the opportunity to speak before you today.

Ecotrust's mission is to work towards creating economic opportunity, social equity and environmental well-being. Ecotrust works in a wide variety of economic development activities, including banking, ecological forest management, fisheries finance, marine spatial planning, green building, and organic farm market development.

In fisheries we regard **Catch Share programs as having several valuable features** including increasing vessel safety, extending fresh market seasons, and most important — accountability and incentives at the level of the individual vessel.

But the **dark side** of fisheries quota programs is that they create an intangible asset which can then migrate away from communities, displacing the economic benefits of fishing in a painful manner. These are not trivial issues, some of the most successful fishing communities in Alaska and the U.S west coast are struggling with the transition to the next generation of fishermen. How catch shares are treated can well determine whether such communities make it or not into the future.

Catch shares create markets and market value from this public trust asset, but they must remain a **public** trust asset, whether at the state, federal or local community level.

**Quota programs empower the first generation of recipients but hamper future generations.**

An examination of the patterns of quota transactions in Alaska and British Columbia shows an emerging pattern of market price, debt, leasing, and wage effects.

Some observers say that catch shares privatize fisheries. An example of this is when quota shares are leased.

Ownership structures are key; our national policy should not allow the creation of **perpetual** leasing operations (by corporations or family trusts). The current Pacific Trawl IQ program does just this, and will stifle innovation, reduce the benefits of liquid trade of quota shares, create barriers for new entrants, divert revenues from crew, communities, and economic multipliers.

### **What do communities want?**

- Ecotrust recommends a required implementation of the **community provisions** as part of any catch share program as provided for in the Magnuson Stevens Act— Section 303a.

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- These provisions should become mandatory policy — **not just a requirement for fishery management councils to *consider* the provisions.** There should be some teeth in them so that fisheries-dependent communities receive appropriate priority in the decision making process as a matter of good public policy.
- The policy should require that some proportion of fisheries quota shares be anchored in communities through entities like **Community Trusts** such as the **Community Quota Entity** program in Alaska.

Why? As a 2004 Government Accounting Office report found (GAO-04-277), “the easiest and most direct way to help protect communities under an IFQ program is **to allow the communities themselves to hold quota.**”

The unpredictable political process of the fishery management councils does not guarantee that community issues will be addressed even using the current standards, presumed requirements, and options now in the MSA. I would like to point out that the Pacific Fishery Management Council just last week **again** delayed the treatment of Community Fishing Associations, effectively regarding it as **not an integral part** of the pending Trawl Individual Quota program.

**Recommendations:**

That NOAA strengthen the new policy on Catch Shares to set the following required standards of U.S. fishery management councils if and when they undertake catch share programs:

- Mandate the direct allocation to community ownership of at least 10% of all quota shares in each fishery management council region.
- Require the development of Community Fishing Associations, Regional Fishery Associations and other community structures now authorized in the Magnuson Stevens Act as enacted.
- Initiate a national quota share trading registry to promote ownership, transaction and pricing transparency, **a feature which has been law since 1996.**
- Lastly, NMFS has not yet issued the rule for LAPP criteria (or guidelines) for the development of Regional Fishery Associations and other community structures. The agency requested public input in 2007. Here in 2010 we do not have any guidelines, criteria, or rules. The Councils are required to provide these criteria and we are still waiting for them.

NOAA and Congress need to provide mandatory oversight in any U.S. catch share program to address these community issues.

Thank you for the opportunity to make this statement this morning.

I look forward to your questions.