

**Alaska Independent Fishermen's
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Permit Stacking in Bristol Bay

AIFMA submitted Proposal 37 to the Bristol Bay Board of Fisheries for consideration. Proposal 37 would allow one person to hold and fish with two permits. Proposals 36 and 38 also deal with this issue.

AIFMA supports proposals 36, 37 & 38.

If passed, proposals 36-38 would allow the dual permit regulation to be more effective. The dual permit regulation has accomplished three goals and has been generally accepted in the Bristol Bay fishery. The goals are 1) continuing to keep local watershed fishermen on the water, who own a permit, 2) continue to reduce harvest capacity by removing gear from the water and 3) increasing proportional catch percentage by each boat as boat numbers decrease.

These proposals would allow one person to own and operate two Bristol Bay drift gillnet permits issued under the CFEC in accordance with the regulation 5 AAC 06.33 that allows two driftnet permit holders to operate an additional 50 fathoms of gear when used on one vessel.

Bristol Bay driftnet fishers, on average, have experienced a chronic decrease in economic value of their individual businesses, adjusted for inflation, over time. There is overharvesting capacity in Bristol Bay, see CFEC optimum number report 04-3N, October, 2004. During the 2011 season 1,435 vessels operated in Bristol Bay, whereas the report recommends that the optimum number of vessels fishing be between 800 and 1,200. Proposal 37, if adopted, will be the final step to allowing the fleet to adjust to the recommended optimum number.

Fishers operating in Bristol Bay will continue to struggle economically under the burden of over-harvest capacity. The local region is impacted the most without alternative economic opportunities to help support the high costs of a fishing business in Bristol Bay. More local people will opt not to invest in the fishing business and more permits will leave the area. Excessive fishing competition will continue to drive costs up further impairing the sustainability of the fleet and rendering the fishery less efficient.

Improved Economics

If proposal 37 is adopted, important economic, fishery and management improvements will be accomplished.

- The number of vessels in operation will more likely be reduced to the recommended number cited in the CFEC Optimum Number Study of 800-1200 permits. This important analysis by the CFEC revealed a critical economic balance point for the well being and sustainability for

the commercial drift fleet in Bristol Bay. Generally speaking, the balance sheet for fishing operations appears sustainable when a high price for salmon occurs or an excellent run of fish happens. During many off-years the balance sheet is not sustainable and fishers cannot make their payments or make a livable income. This proposed regulation will provide the help needed to improve the economic model for fishers in Bristol Bay for all seasons including the off-years.

- The improved economic profile and balance sheet for an individual operating a driftnet operation in Bristol Bay will more likely perform in accordance with lending institutions' qualifications. The watershed residents, along with others from the state of Alaska, will more likely have the confidence to invest in the fishery, if the ability to repay loan obligations is improved and fits a reasonable and established economic loan model. The number of permits held by local and Alaska State residents would likely increase with the combination of a favorable loan program and an improved balance sheet for fishing operations. The slice of the pie, so to speak, will be made slightly larger for the operating fleet and provide a turning point for the community and the Bristol Bay fisheries for the future as the boat numbers continue to decrease over time.

Please see CFEC Report 12-05N October 2012 that shows a steady increase of earnings between 2004 and 2011, or since the two permit law was put into effect. This report shows all three permit holder groups, Borough, Other Alaskan, and Nonresident with increased earnings from 2004-2011.

- The decrease in total number of vessels fishing will have additional benefits including, reduced costs from intense competition and improved safety on the water. A more orderly fishery may lower the cost of fisheries management, and reduce the cost of enforcement.

Improved Quality

This proposal will significantly contribute to improved quality of salmon harvested from the waters of Bristol Bay. By achieving the CEFC optimum number range, the intense competition, "race for the fish", will be effectively diminished. Fisher's attention and work will be redirected to help themselves improve profits by focusing on increasing the quality of fish harvested that will then be available for higher value markets.

Everyone Benefits

Fishers who choose not to invest in a second permit gain the advantages of reduced boats, gear and competition on the water, but do not bear the costs to achieve it. If there are disadvantages, they are outweighed by the individual economic gains that would be realized by individual fishers to improve and promote their businesses.

Those individuals, that currently own a permit and choose to become the second permit holder on someone else's vessel, will become far more valuable for this purpose in the future should this proposal become law.

Direct testimony from set gillnet fishers who currently utilize this law reflects a clear and positive effect for their fishing operations. The drift gillnet fishers should also be able to help themselves and their fishing businesses accordingly.

Figure 7. Bristol Bay Salmon Drift Gillnet Estimated Real Average Earnings per Permit, by Residency

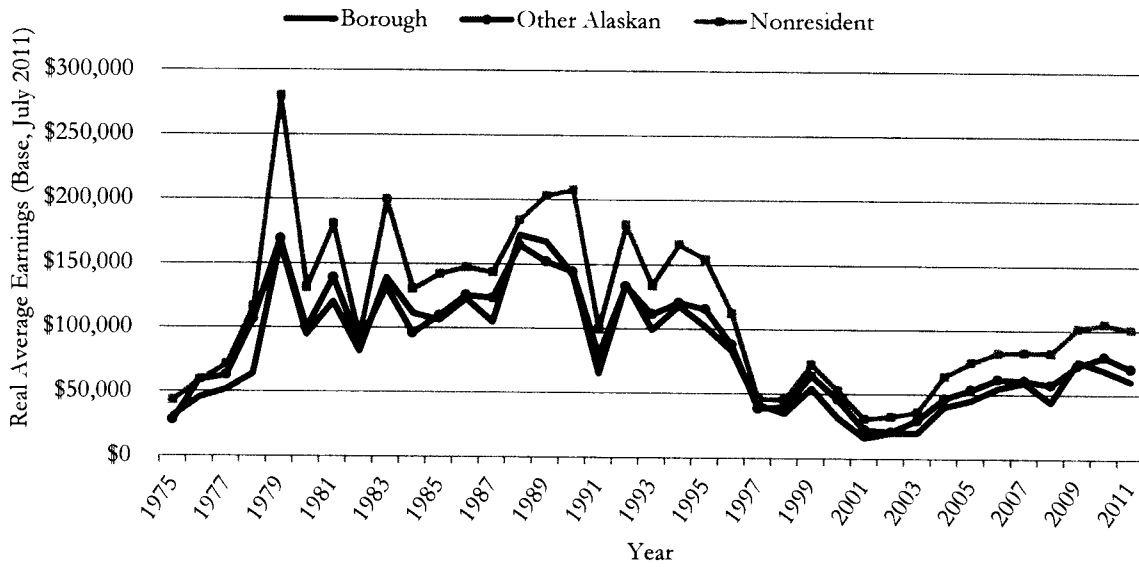
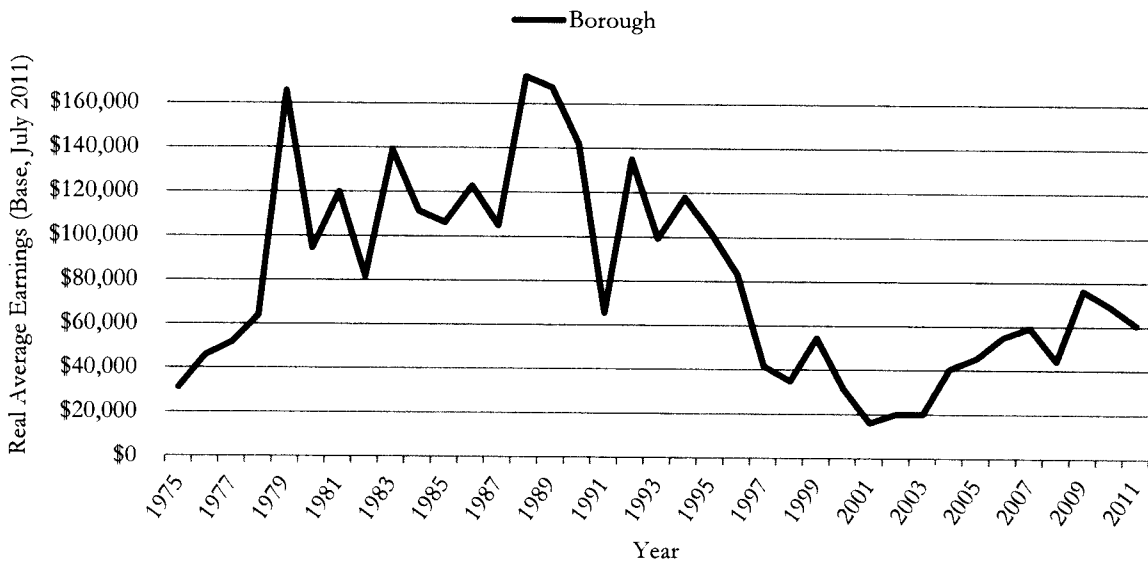
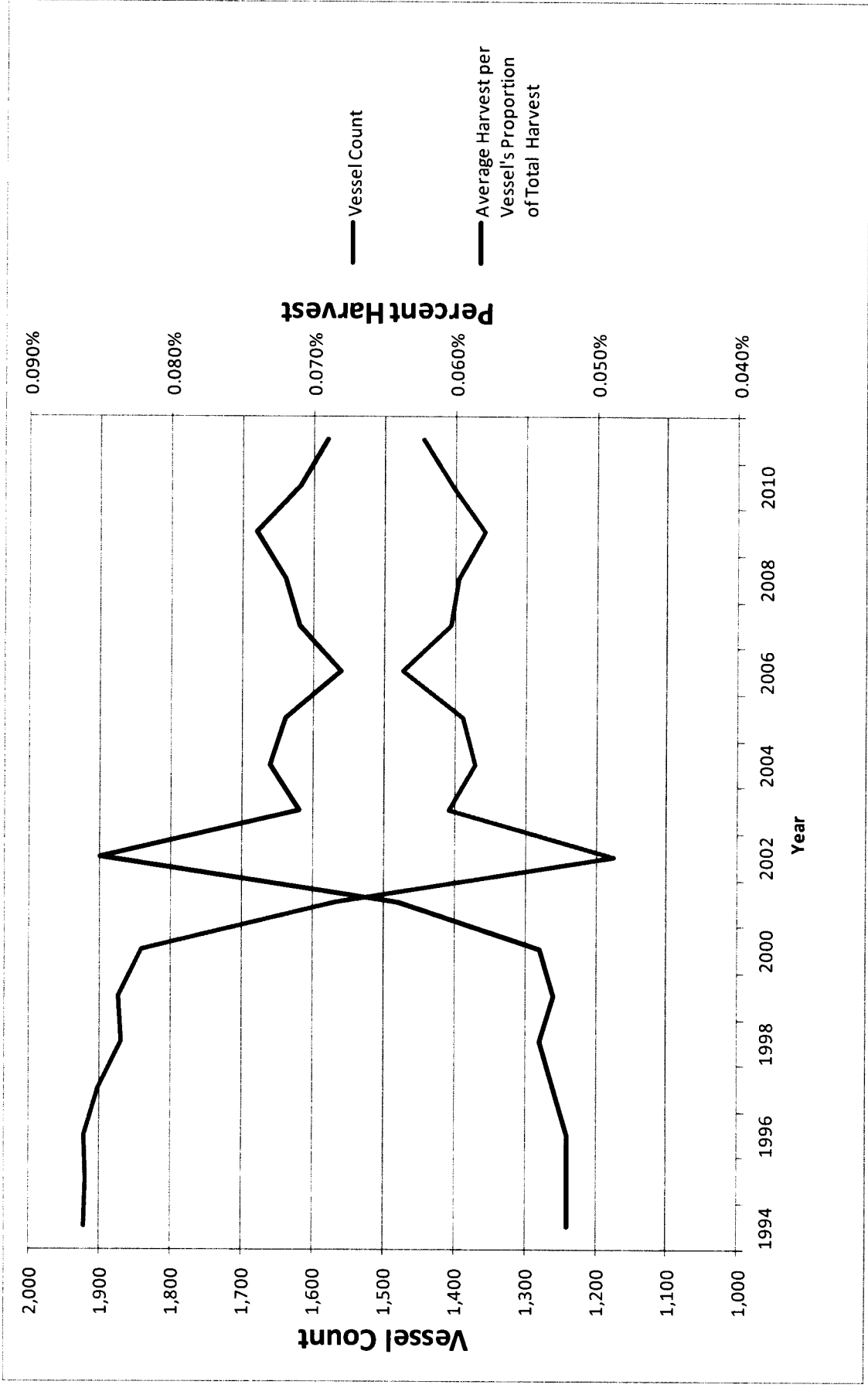


Figure 8. Estimated Real Average Earnings per Permit for Borough Residents in the Bristol Bay Salmon Drift Gillnet Fishery



Number of Boats Fishing vs. Percent Catch per Boat



As number of boats decrease, each boat proportionally harvests a larger share of the catch (and vice versa).

CFEC Data

Chart compiled by AIFMA