

**Testimony of Kay Williams, Chairman
Gulf of Mexico Fishery Management Council
Before
The Subcommittee on Oceans and Fisheries of
Senate Committee on Commerce, Science, and Transportation
Washington, D.C.
May 2, 2001**

Madame Chairman and members of the Committee, I greatly appreciate the opportunity to testify on the Senate Bill 637, IFQ Act of 2001, and to provide you with written comments on the Council's recommendations for Amendment to the Magnuson-Stevens Act.

First, let me acquaint you with my background. My family has been in the commercial reef fish fishery for years. I became involved in the Council process in 1992 as a spokesman for a Mississippi commercial fishing association. During that year, the Council conducted 3 sets of 10 workshops with the commercial red snapper industry to get their input on limited access for that fishery. Over the next three years, I participated as an Advisory Panel member in the development of an ITQ system for the commercial red snapper fishery. The ITQ system was implemented by federal rule in December 1995, and rescinded by emergency rule in 1996 when Congress was proposing the moratorium on IFQs in the Sustainable Fisheries Act. In 1997, I was appointed to the Council and I currently serve as President of the Gulf and South Atlantic Fisheries Foundation.

Our Council has not had the opportunity to review and comment on the provisions of the IFQ Act of 2001. We will take that action later this month, as will the Council Chairmen at their meeting at the end of May when they address re-authorization issues. Therefore, I cannot speak for the Council on your bill, but as indicated in the appended written testimony, the Council did support rescinding the Congressional moratorium on IFQs and expressed the need for the Councils to have maximum flexibility in the design of ITQ systems, especially the setting of fees.

The comments I offer you on your bill are my own, based on my experience in helping develop ITQs and license limitation systems, and my knowledge of the industry positions on some of these issues. One of the major problems our Council created by reverting back to a red snapper license limitation system was a derby fishery that adversely affected the price paid to fishermen and also vessel safety. Your bill would allow us to address the problems created by the derby fishery. However, I do not believe we could get support from two-thirds of the fishermen for a system that does not allow IFQ shares to be sold, transferred, or leased. Our red snapper industry is under a license limitation system where the licenses can be sold, transferred, and leased.

I believe that our industry would support the bill's provisions preventing anyone from acquiring an excessive share and for revoking shares not used in 3 years of each 5-year period. I believe that the provision for the individual quotas to expire after 5 years will be of serious concern to our industry. Even though there is a provision that allows the Council to renew the quotas, that same provision also allows the Council to reallocate or reissue the quotas to other persons which would be of concern. Also of major concern is that a 5-year period is too short a time upon which to base good business decisions and venture the capital necessary to increase the efficiency of the fishing operation.

The structure of the IFQ in your bill removes the economic incentives for the industry to consolidate the shares, thereby reducing excess fishing capacity in the fisheries. This limits significantly its' use as a management tool. Perhaps the review panel established by the bill will subsequently propose allowing transfer, leasing, and sale.

I have appended our written comments and I thank you for this opportunity to testify. I will be glad to answer any questions.

