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ON
NEW ENGLAND GROUND FISH MANAGEMENT

BEFORE THE
COMMITTEE ON COMMERCE, SCIENCE, & TRANSPORTATION
U.S. SENATE

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Senator Kerry and members of the Subcommittee, my name is Jane Lubchenco, and I am the Under Secretary of Commerce for Oceans and Atmosphere and the Administrator of the Department of Commerce's National Oceanic and Atmospheric Administration (NOAA). Senator Kerry, I would like to thank you for your leadership over the many years on fisheries, oceans, and climate issues. In your tenure in the Senate you worked closely with Senator Stevens to rewrite the *Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act)* and you continually show commitment to building sustainable coastal economies. I appreciate your support of NOAA and our efforts to improve the products and services that are vital to supporting America's businesses, communities, and people.

Fishing jobs have been at the heart of this region for centuries. I take the challenges in the Northeast region very seriously, as I know you do. Following decades of overfishing and decline, including the collapse and closure of this fabled fishery, and years of legal battles, the past ten years have been particularly challenging for those who catch cod, haddock, and other groundfish. Court rulings calling for science-based catch levels drove the government to implement well intentioned but ever tightening regulations under the "days at sea" management system. Under this system, individual fishermen were told how many days and when they could fish, which often forced them to sea in bad weather. And they were told how much fish they could bring back to port on each trip, forcing them to pitch their extra catch overboard as wasted by-catch. From 2001-2009, landings dropped by nearly 40 percent, revenues fell by more than one half, and the number of vessels in the fishery dwindled to less than half their previous levels. And because these regulations often did not succeed in halting overfishing, the rules were always changing. The last decade saw 11 major regulatory overhauls and changes in the rules every four months on average, including ratcheting down on the number of "days at sea" available. Decades of overfishing, failing fish stocks and punishing regulations interacted to threaten the region's most iconic industry.

That system was not working for fishermen. It was driving them out of business and the stocks were not rebuilding to a point where they could sustain a profitable industry. In response, the New England Fishery Management Council — with representatives from Massachusetts and other New England state governments, commercial and recreational fishermen, and a representative from NOAA — held more than 60 public meetings over 3 years to develop a new approach called ‘sector management’. This approach revolves around a system of voluntary cooperative fishing groups (called ‘sectors’). Most importantly, this approach gives fishermen greater flexibility and ownership over the day-to-day management of their businesses. In June 2009, the Council voted 14-1 to approve the new program. This new sector management program was expanded at the same time that the much lower catch limits required by the *Magnuson-Stevens Act* were implemented.

The adoption of this new management system and the lower catch limits happened early in my tenure as Administrator. Indeed, sustaining the groundfish fishery and the economic health of the industry has been of paramount importance to me since my first day in office. I understand how important it is to the region’s economy and culture. I also know that implementing tough measures to end overfishing and to rebuild stocks is not easy for fishermen and fishing communities.

For those reasons, I have devoted significant energy to take action in three key areas that I will talk about today: 1) our work with fishermen and the New England Fishery Management Council to help get this fishery on a pathway to sustainability and long-term profitability; 2) our top-to-bottom overhaul of NOAA operations in the region, including an independent management review and follow-up actions we have already taken; and 3) advancing concrete proposals that build on your ideas — and those of other partners in New England — to address residual problems faced by fishermen in the region and to build on the progress made.

Our goals are clear: to be a partner in the success of fishermen, to sustain fishing jobs, to create a profitable and healthy future for fishing communities, and to maintain marine fisheries. We appreciate your support in getting there.

We are working with fishermen and the Council to put the fishery on a path to profitability.

As described in detail later in my testimony (Attachment A), fishing in all its forms is a \$71 billion per year industry in the United States, generating economic activity that creates 1.4 million full and part-time jobs, from the boat captains and crews, to people in processing plants, trucks, seafood markets, and restaurants. Rebuilding all U.S. fish stocks would generate an additional \$31 billion in sales impacts, support an additional 500,000 jobs and increase dockside revenues to fishermen by \$2.2 billion, which is *more than a 50 percent increase from the current annual dockside revenues*. New England, the region with the most number of overfished species as of this summer, stands to gain significantly as overfishing ends and fisheries are rebuilt. A prime example of the benefits of rebuilding is seen in the New England sea scallop fishery, where revenues increased five-fold as the fishery rebuilt, from \$44 million in 1998 to \$265 million in 2010, making New Bedford the largest port by value every year since 2000.

To get the New England groundfish fishery back on track, I embraced new management decisions made by the Council, and I provided resources to speed up the transition to a fishery with a more sustainable future. I did this because I realized the seriousness of the dire economic situation in New England and because the days-at-sea system was not helping the fish or the fishermen. While there are improvements to be made in the sector system and fishermen are still struggling, glimmers of hope are now finally emerging in the fishery after decades of problems. We don't want to return to the past, so we must work together to continue the recent progress we've seen, address the imperfections of the new system and get this fishery back in the black. The progress we've made is due directly to the active engagement of fishermen from throughout the region and our intense efforts to reverse our trajectory. Although we still have much more work to do, I believe we are turning the corner.

I want to empower fishermen to chart their course. We will do that by simplifying regulations, giving fishermen more control over their operations, and working with them on management. For decades, the New England groundfish fishery underperformed both ecologically and economically with not enough fish to support good fishing jobs. The 2006 *Magnuson-Stevens Act* reauthorization put into motion two important changes. First, it set annual catch limits to end overfishing and to rebuild stocks. Second, the Council worked with NOAA to put new rules in place to give fishermen increased flexibility in how they operate their businesses.

How are we doing after one year with new catch limits and with the expanded sector management program? We see both signs of progress and continued room for improvement.

Signs of progress:

1. We are finally on track to end overfishing. For the first time ever, we have catch limits and accountability measures in place and clear ability to track progress. In 2010, fishermen fished within the limits for 18 of the 20 stocks. This is excellent news.
2. Stocks are being rebuilt and therefore catch limits are up. Due to the rebuilding progress already underway, in the 2011 fishing year, catch levels have gone up for 12 of the 20 groundfish stocks, which is another indication the *Magnuson-Stevens Act* and associated management measures are working to improve the status of the stocks and the economics of the fishery.
3. Fishermen are fishing more selectively which benefits their bottom line and avoids depleting already low stocks. Despite lower catch limits for many stocks, under sector management fishermen were able to fish smarter by more effectively avoiding weaker stocks and by capturing a higher percentage of the allowable catch. Fishermen and sector managers have reported to us how incentives have changed under this cooperative management approach. They have noted they have the ability to spend more time offshore, seeking high abundance stocks and avoiding bycatch of weaker stocks. Sectors free fishermen from limitations of days at sea management conditions.
4. We have a better accounting for and less waste of bycatch. Fishermen captured more high-valued species and kept more of the fish that had historically been thrown overboard. For example, only nine percent of Georges Bank yellowtail flounder total catch was discarded in 2010 compared to 31 percent in 2009. Adhering to catch limits and reducing discards will hasten rebuilding, yielding increased quotas more quickly.

5. New England fishermen are beginning to realize new entrepreneurial opportunities under sector management. Here are three examples: (A) A group of small-boat fishermen in Rhode Island has started a new business to market their fish directly to local restaurants as 'boat to table.' (B) Another new company helps fishermen match their supply to consumers' demands across New England. (C) Fishermen in Port Clyde are making the most out of their catch through a Community Supported Fishery program. This program is similar to the Cape Ann Fresh Catch program started by the Gloucester Fishermen's Wives Association and supported by NOAA Sea Grant. Customers give the fishing community financial support in advance of the season, and in turn the fishermen provide a weekly share of seafood during the harvesting season. This innovative marketing program is leading to higher quality fish and higher profits. In each case, the sector program provided fishermen with the flexibility to be entrepreneurial and innovative, and to control the destiny of their small businesses. In each case, fishermen have been freed from overly burdensome regulations, and they can fish more safely.
6. Revenues are up for some but not all fishermen. For example, the average New England groundfish fisherman earned 16 percent more per pound this year than last. Revenues for groundfishermen from Portland, Maine, were up by 25 percent. For those with a homeport in New Bedford, the increase was over 20 percent. These initial numbers are encouraging, but we need the full balance sheet reflecting revenues and costs and particularly changes in number of boats to know the full story, and we'll have that information in the near future.

Challenges Remaining:

1. Not all fishermen are reaping these benefits. While we have some promising preliminary economic information about the first year of the program in New England (above and Attachment B), overall statistics can mask the trouble that some fishermen are facing. Some fishermen appear to be having a tough time making the transition to sectors. I want to understand why some sectors seem to be working well while others do not and identify corrective actions. And I want to work with those in Congress and in coastal communities who want to help improve the system for all fishermen, including small boat fishermen.
2. Some fishermen continue to distrust the scientific information used to set limits. Moreover, more frequent assessments for some stocks would be desirable. And, we are requesting additional resources for stock assessments in our FY 2012 budget.
3. Costs of implementing the sector program remain a challenge.
4. Faster adjustments in response to changing status of stocks and more nimble ability to implement innovations are needed.
5. Better communication among NOAA, fishermen and the Council is desirable.
6. Improved understanding of and responsiveness to economic challenges faced by fishermen is needed.

In the next section, I lay out a number of specific actions NOAA is advancing to help with these and other implementation problems.

Responsive actions underway. After learning about problems in NOAA's operations in the region, I have overseen a top-to-bottom overhaul of our work in the region, including in the areas of enforcement, science, management and engagement.

In one of our first steps, Eric Schwaab, our Assistant Administrator for fisheries, took the initiative to set up a comprehensive, independent review of management in the region; that review provides some excellent suggestions that we are now pursuing. Our overhaul is still underway and is bringing long-overdue change. We have also committed to seeking industry and regional input as we work to fill the Northeast Regional Administrator and Northeast Science Center Director positions.

The Management Review, conducted by an independent firm, provided a regional analysis and management review of the fishery management process in New England, focusing on the relationships among the New England Fishery Management Council, the Northeast Regional Office, and the Northeast Fisheries Science Center. The review examined how effective those three entities are at carrying out their responsibilities under the *Magnuson-Stevens Act*. This review included nearly 200 independent interviews with stakeholders across the region. In April, NOAA released the results and at my direction, immediately began taking actions to address management, science, and communications issues identified in the review.

In tackling the multiple issues identified in the report, NOAA Fisheries began with those changes that would bring the greatest benefit: (1) simplify governance; (2) simplify communications; (3) improve science collaboration; and (4) maximize overall collaboration. Because many of these changes require Council action, NOAA Fisheries is working closely with the New England Fishery Management Council on many of these efforts. At its meeting on September 26, 2011, the Council and the agency reported on progress to date, including:

1. Fast tracking a mid-term review of the current five-year research strategic plan for cooperative research to ensure it is responsive to industry, management, and scientific priorities. Our Cooperative Research Program is wrapping up a series of outreach meetings with fishermen and scientists to gather input to refine its research strategic plan through 2014.
2. Overhauling our data collection and management system. We have initiated a review and analysis of the regional data systems to better integrate them and improve efficiencies. NOAA's Satellite and Information Services staff, which has conducted similar work in the past, has begun this review.
3. Developing new operating agreements. We are working on new agreements with the New England and Mid-Atlantic Councils to clarify roles and responsibilities, strengthen collaboration, simplify the governance structure and process, and highlight opportunities for public input.
4. Launching a "plain language" campaign; we are striving to make all of our written documents more clear and concise.
5. Establishing a single Communications Team in our regional office — representing the region, the center and the Office of Law Enforcement — to simplify and strengthen our outreach and collaboration efforts and streamline and improve our external communications. We host regular meetings with sector managers to identify and resolve issues related to sector management, provide information, and get feedback from the fishing industry.
6. Hiring a former commercial fisherman in New England to serve as our first formal compliance liaison in the country. He is working directly with the fishing industry in a non-

enforcement capacity to improve communications and ensure all can comply with needed conservation measures.

7. Developing a revised approach for producing stock assessments that we will begin transitioning to in 2013. The intent of this new approach is to provide managers the information to adjust annual or biennial catch limits in response to changing stock conditions, so industry can take quicker advantage of healthy stocks and not overfish newly depleted stocks.

Future actions. Even with the significant progress made, we have much work ahead and are open to any good ideas about how to make progress with the fishery and our effectiveness. I appreciate the suggestions offered by the July 26 letter from the New England Delegation, and intend to pursue aggressively the following actions:

1. **Develop more cost-effective observer and monitoring approaches, and a cost-transition plan that recognizes chronic economic challenges facing many segments of the industry.** We understand that adaptation to any new management system is challenging, and the timing of sector implementation in conjunction with the requirement to set annual catch limits to end overfishing created an even more difficult transition. In recognition of the hurdles faced by the fishery associated with that transition, in fiscal years 2009 and 2010, NOAA invested over \$47 million to assist in many ways, including to offset start-up costs of groundfish sectors, conduct at-sea research with industry, and develop permit banks.

In addition, recently, NOAA's National Marine Fisheries Service (NMFS) re-evaluated the effectiveness of the dockside monitoring program, made a timely adjustment to the requirements, and redirected funding for that program to make approximately \$1 million in additional funds available directly to sectors to support their operations.

While monitoring is critical to the sector management program's success, I recognize that at-sea monitoring costs are difficult for the fishing industry to assume and I share your desire to reduce these costs; NOAA is working to do so. NOAA is also working with the fishing industry to improve the utility of new monitoring tools beyond at-sea monitoring, such as electronic catch monitoring, which could reduce overall monitoring costs to the industry. Pilot programs are currently underway to test the effectiveness of these techniques. Following these pilots, we will work with the Council, sector managers, and stakeholders to more broadly implement electronic catch monitoring technology, and I am committed to nationwide efforts that will reduce the economic burdens associated with monitoring costs.

2. **Evaluate input controls and provide access to unused quota.** Following the 2010 fishing year, two particular issues arose that require agency and Council attention. Earlier this summer, we asked the Council to consider action to raise the 10 percent unused quota carryover provision. Additionally, the Council is considering the continued merits of groundfish closed areas through an Essential Fish Habitat amendment process. We have and will continue to advocate that the Council give priority to both issues.

Underutilization of available catch is an on-going challenge in the groundfish fishery. The fishery has under-harvested available quotas for a number of species over the last several years. I embrace the goal of fully exploiting available quotas and will continue to support Council and NOAA efforts to help the industry catch the maximum amount of fish allowed

across the full range of managed stocks. Continuing evolution of the management program to sectors, as well as conservation engineering solutions, such as net design, will result in improvements in the fishery's ability to catch more of the available fish. Moreover, I firmly believe that under the sector program we can and should look for opportunities to expeditiously open closed areas, which will directly benefit fishermen.

3. **Improve understanding, delivery and use of socio-economic data.** We have worked aggressively to understand the complex economic conditions impacting fishermen, and a detailed description of this work is contained in Attachment B.
 - We are now completing a more comprehensive annual report on groundfishing for year 2010 that will help us to better understand performance at the vessel ownership level. The report will analyze vessel operating and sector membership cost and information about quota trading to better evaluate changes in fishery and financial performance.
 - We are also in support of the Massachusetts Division of Marine Fisheries (DMF) in a study with the University of Massachusetts' School for Marine Science and Technology (SMAST) to better understand the challenges faced by the South Shore fishermen of Sector X. This is the work initiated in response to Governor Patrick's earlier request for a fishery disaster declaration. We anxiously await the results.
 - A team of NMFS, DMF, and SMAST is conducting an analysis of how the financial position of vessels was affected by the 2010 transition to catch-share and quotas-based management through a "break-even analysis" of the groundfish fishery. The team has compiled vessel profiles using statistical averages for seven gear and vessel size categories. The analysis was completed in mid-September and is currently undergoing peer review. We understand how important this analysis is and have had our economists working closely on this project, have met with this team bi-weekly, and given financial support to ensure its completion. Preliminary analysis shows that while a number of fleet segments performed better in 2010 relative to 2009, some segments did perform worse, including some of the smaller boat segments.
4. **Address the concerns about excessive accumulation of fishing privileges.** Soon after the sector program was approved by the Council, NOAA identified consolidation as a potentially serious problem and requested the Council ensure the continuation of a diverse fleet. NOAA is working with the New England Council to develop an amendment to the Northeast Multispecies Fishery Management Plan. This amendment would set limits on the amount of fishing privileges that can be accumulated by a particular individual, business or other entity such as a sector. At the Council's request, we published a "control date" of April 7, 2011, to notify the industry that accumulation of fishing privileges after that date may be treated differently than those accumulated before the date. Establishing a control date also gives the public notice that interested participants should locate and preserve records that substantiate and verify their ownership or control of groundfish permits and other fishing privileges in the fishery.
5. **Encourage development of innovative gear.** NOAA has provided funding for other innovations to improve overall groundfish fishery performance, particularly cooperative research to help the fishing industry develop more selective gear and fishing methods to enable fishermen to reduce the bycatch of the more vulnerable stocks, allowing the industry

to fully utilize quotas for healthy groundfish stocks. A few examples of the types of research underway include modifying a net to a topless trawl to better target flounder while avoiding cod and haddock and creating several additional escape panel designs to promote escape of certain species or size classes of fish; increasing the size of codend meshes to reduce bycatch of non-cod species while increasing the value of cod captured by targeting larger fish; testing tension sensors deployed within the meshes at the rear of the net to reduce discarding and allowing operators to be more strategic in the capture and marketing of their catch; ongoing testing of fuel consumption to determine the overall profitability of using the modified gear in comparison to unmodified gear; and developing an inexpensive, underwater-detaching codend to address the problem of catching large amounts of unwanted fish species. I am committed to supporting such innovative approaches to fishing and to have NOAA assist in the expeditious deployment of these innovations.

It is worth noting that in addition to managing fisheries, NOAA provides a wealth of services to fishermen in New England. NOAA marine weather reports and navigation charts provide critical information for fishing vessels; NOAA satellites provide data for weather reports and receive search and rescue signals; and NOAA scientific research informs future management. In summary, implementing a completely new fishery management system in New England is challenging and requires close attention to design during this early phase, but the system also holds promise for increasing flexibility and economic returns for fishermen. As I have highlighted in my testimony, the agency is working diligently to address issues together with the Council and the industry as they arise. While we are making good progress, we acknowledge the system is not perfect and we are committed to continually making improvements.

We are seeing benefits from the transition to sector management as catches do not exceed the annual catch limits, and fishing becomes more efficient and flexible, all of which contribute to the common goal of ecological and economic sustainability of groundfish stocks. NOAA will continue to work with the fishing industry and the New England Council to adapt these programs as needed, and to ensure open and productive communication with the New England fishing community.

These are extremely challenging economic times for the Nation, and that is certainly true for fishermen. There are no easy answers, no silver bullets, and I do not come here claiming to have all the answers. But one thing I am sure of is the need for all of us to continue to work together toward the shared goal of sustainable fisheries and good fishing jobs. Sustainable fisheries are about a better future – a time when fishermen can rely on fishing as a stable income for their families, a time when grandparents and grandkids spend a day out on the water fishing, and a time when fishing communities can count on fishing to help their local economies recover and thrive. I believe fishermen, scientists, environmentalists, processors, chefs, government managers, and others can work together toward these shared goals.

Thank you again for the opportunity to discuss NOAA's efforts on groundfish management in New England. We are available to answer any questions you may have.\

Attachment A

The Value of Rebuilding Fisheries Across our Country

Fishing in all its forms is a \$71 billion per year business in the United States, and that business is vital to the economies and identities of our coastal communities. The economic activity generated by fisheries creates 1.4 million full- and part-time jobs, from the boat captains and crews, from the oyster farmers to the people in processing plants, trucks, seafood markets, and restaurants.¹

NOAA economists estimate that rebuilding all U.S. fish stocks would generate an additional \$31 billion in sales impacts, support an additional 500,000 jobs and increase the revenue fishermen receive at the dock by \$2.2 billion.² *This is more than a 50 percent increase from the current annual dockside revenues.*

We are making gains across the country as individual fisheries have recovered, which will increase as we finally bring an end to overfishing. One place the benefits of rebuilding are most apparent in the New England sea scallop fishery. Since beginning to rebuild in 1999, the scallop fishery has experienced an average annual growth in landings revenue of 19 percent (16 percent after adjusting for inflation, i.e., real terms), increasing from \$44 million in 1998 to \$265 million in 2010, a five-fold increase. While there have not been ups and downs, overall the fishery has demonstrated sustained growth, with landings revenue increasing relative to the previous year in ten of the past 12 years. In Massachusetts alone, the commercial harvest of sea scallops generated an increase in jobs in the fishing industry as well as across the broader state economy, rising from 4,700 jobs in 1998 to 30,000 in 2010. The rebuilt sea scallop fishery also contributes to the economic sustainability of fishing communities. The port of New Bedford is the largest port in the country by value than any other every year since 2000, in large part due to its sea scallop landings. Landings revenue in New Bedford has experienced sustained growth since rebuilding of scallops, increasing in nine of the last twelve years and 23 percent higher in 2010 relative to 2009.³

More generally, in these challenging economic times, during 2010 the commercial fishing industry was a strong performer. While unemployment rates more than doubled from 4.6 percent in 2007 to 9.6 percent in 2010, employment and employment impacts generated from

¹ National Marine Fisheries Service. 2011. Fisheries Economics of the United States, 2009. U.S. Dept. Commerce, available at

<http://www.st.nmfs.noaa.gov/st5/publication/econ/2009/FEUS%202009%20ALL.pdf>.

² Internal analysis using the National Marine Fisheries Service Commercial Fishing & Seafood Industry Input/Output Model. For additional information on this model, see "The NMFS Commercial Fishing & Seafood Industry Input/Output Model." available at

<https://www.st.nmfs.noaa.gov/documents/Commercial%20Fishing%20IO%20Model.pdf>.

³ National Marine Fisheries Service. 2011. Fisheries of the United States, 2010. U.S. Dept. Commerce, available at <http://www.st.nmfs.noaa.gov/st1/fus/fus10/index.html>.

commercial fishing increased.⁴ In particular, both jobs and job impacts generated by the commercial fishing industry increased 16 percent in 2010 over the previous year and, indeed, were at their highest levels since 2006. In addition, commercial fishermen received \$ 4.5 billion for their catch in 2010, a 10 percent increase over 2009 levels. Overall, the commercial fishing industry - from harvest, through the dealer and processing sectors, whole sale sectors, to retail outlets (including seafood markets, grocery stores, and restaurants) – generated \$116 billion in sales impacts, contributed \$48 billion to GNP, and supported 1 million jobs in the fishing industry and across the broader economy.⁵

Catch share programs, and, in particular, established catch share programs (those implemented prior to 2007), have been a bright spot for U.S. commercial fisheries in recent years. Among the established programs that NMFS is able to report on, the majority experienced revenue growth from 2007 to 2009, with increases ranging from 8 percent to 128 percent, despite the fact that overall landings revenue declined nationally during this time frame. Although we do not have landings revenues for most of the catch share programs for 2010 yet, nationally commercial fishing landings revenues increased more than 10 percent from 2009 to 2010. Revenue is up even as we are rebuilding stocks and implementing annual catch limits in all federally-managed fisheries. These programs give fishermen the ability to work around weaker stocks and then focus on the healthier stocks.

Marine recreational fishing is also widely recognized as a critical economic driver of, and contributor to, local and regional economies, as well as the national economy. Take for example, the Gulf of Mexico and the Southeast Atlantic regions, where our most recent statistics (2009) show combined expenditures on saltwater fishing trips and durable fishing equipment of \$10.1 billion dollars annually; or the Mid-Atlantic and Pacific regions where expenditures for these items reach \$3.5 billion and \$2.2 billion respectively, on an annual basis. This significant economic activity generates local jobs that cannot be outsourced, which support communities large and small in our Nation's coastal states, territories, and commonwealths. Businesses directly impacted by recreational fishing range from marinas, boat dealers, and bait shops to hotels, restaurants and other service-oriented businesses in coastal communities. In those communities where it is common for recreational fishermen to maintain a second home, saltwater anglers can be a factor in the local housing market. Overall, saltwater anglers took 74 million fishing trips in 2009, with angler expenditures generating \$50 billion in sales impacts, contributed \$23 billion to GNP, and supported over 327,000 jobs across the broader economy.⁶

⁴ National unemployment rate data obtained from http://data.bls.gov/timeseries/LNU04000000?years_option=all_years&periods_option=specific_periods&periods=Annual+Data. Commercial fishing industry job and job impact numbers obtained from the NMFS Commercial Fishing Economic Impact Model.

⁵ National Marine Fisheries Service. 2011. Fisheries Economics of the United States 2010 (*forthcoming*).

⁶ Fisheries Economics of the United States, 2009.

Attachment B

Socioeconomic Performance of the Northeast Groundfish Fleet in 2010

Economists and social scientists at the Northeast Fisheries Science Center recently reported on fishing year 2010 performance of groundfish vessels holding limited access permits—the vessels that rely most on groundfish landings and revenues, and that have been the most affected by the management measures newly in effect in 2010.

Some of the news is positive. Both prices and total gross revenues from all species landed by groundfish vessels were up for 2010 in comparison to 2009. This is despite the fact that annual catch limits, required for rebuilding, resulted in a decline in total landings of groundfish species for the third year. Average revenues per vessel were also up for 2010 in comparison to 2009.

Massachusetts ports have received about \$12 million, approximately half of the increased revenues during 2010, of which \$6.8 million was generated by vessels home ported in Massachusetts, with the remaining revenue produced by vessels home ported elsewhere but landing their catch in Massachusetts ports. Massachusetts was the only state where revenues from groundfish landed there were higher than in 2009.

Fishermen also captured more higher-valued species and kept more of the fish that had historically been thrown overboard. Reducing discards and increasing capture of available quota is an important shared goal of fishermen, the Council and NOAA. The sector program led to substantial reduction in the amount of groundfish discarded because, unlike the effort control system under “Days-at-Sea,” sectors do not limit the amount of fish they may land in a day or on a particular trip, and are not permitted to discard legal-sized fish. For example, 31 percent of Georges Bank yellowtail flounder total catch was discarded in 2009 compared to only nine percent in 2010.

In addition to the 2010 groundfish vessel performance report described above, the agency is working on a number of fronts to improve our socioeconomic reporting and analyses of fisheries. We are now completing a more comprehensive annual report on Groundfishing Year 2010 that will help us to better understand performance at the vessel ownership level. The report will analyze vessel operating and sector membership cost and information about quota trading to better evaluate changes in fishery and financial performance. We are also working to support the Massachusetts Division of Marine Fisheries (DMF) in a study with the University of Massachusetts’ School for Marine Science and Technology (SMAST) to better understand the challenges faced by the South Shore fishermen of Sector X. This is the work initiated in response to Governor Patrick’s earlier request for a fishery disaster declaration.

A separate “break-even” analysis of how the financial position of groundfish vessels was affected by the 2010 transition to catch-share and quotas-based management is also being conducted in a collaborative effort between NMFS, DMF, and SMAST. Vessel profiles using statistical averages for seven gear and vessel size categories have been compiled and the analysis was completed in mid-September and is currently undergoing peer review. We understand how important this analysis is and have had our economists working closely on this project, have met

with this team bi-weekly, and given financial support to ensure its completion. Preliminary analysis shows that while a number of fleet segments performed better in 2010 relative to 2009, some segments did perform worse, including some of the smaller boat segments. NMFS is concerned about the impacts on these small boats and will continue to work with the Council to understand the root causes of the negative outcomes and identify corrective actions.