

Statement of
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on behalf of the
Southern Shrimp Alliance
before the
Committee on Resources
U.S. House of Representatives
on the matter of
H.R. 5018, The American Fisheries Management and Marine Life Enhancement Act
and
H.R. 1431, The Fisheries Science and Management Enhancement Act of 2005
May 3, 2006
Washington , D.C.

Chairman Pombo, Members of the Committee, I am grateful for the opportunity to speak today on behalf of the Southern Shrimp Alliance, which is an extraordinary coalition of US shrimp fishermen, processors and the associated shoreside infrastructure from all eight of the warm water shrimp producing states, from my home state of Texas to North Carolina.

SSA was formed in recognition of the many severe threats to the survival of the domestic wild-caught shrimp producing industry. Our purpose and commitment is to preserve the long term viability of one of our nation's most valuable fisheries; one that has for decades been a foundation of the economy and social structure of countless coastal communities throughout the Gulf and Southeast regions. We are proud to be a large part of our Nation's domestic fishing and seafood production heritage.

I would also proudly note that warm water shrimp continues to be a well managed and healthy resource. Our fishery is in full compliance with our sea turtle and other bycatch mandates, at great cost, I would note. Our shrimp stocks are large and healthy-- well above the overfishing index level, and are not overfished nor approaching a state of being overfished. We produce a very high-quality and healthy product for the consumer. Despite all this good news, our industry is faced with a host of external forces that literally threaten our very survival.

Mr. Chairman, the last time I testified before this Committee in 1999, I referenced the results of a 1989 report by A.T. Kearney that estimated the Gulf shrimp industry was then generating direct and indirect annual impacts of about \$5.2 billion in sales, over \$2 billion in income, and about 190,000 jobs.

More recently, our analyses indicate that by the year 2000, the total economic output of Gulf and South Atlantic shrimp had reached \$9.95 billion. The NMFS "Fisheries of the United States, 2000" report on U.S. shrimp landings cites this as the most valuable fishery in the United States.

Since then, things have really come apart. By 2002, the value of the US shrimp harvest plunged over 50% and the average dockside price for shrimp dropped nearly as much. Employment in the US shrimp processing industry dropped over 40 percent during this same period.

One year later, in 2003 the total economic output of Gulf and South Atlantic shrimp had fallen to \$5.5 billion; a net annual loss of \$4.4 billion since the year 2000.

What is behind these shocking statistics? The answer is very simple. In February 2005, in response to a petition filed by the Southern Shrimp Alliance, the U.S. International Trade Commission finalized its unanimous decision finding six countries guilty of violating US antidumping laws, and imposed antidumping duties on their imports of farm-raised shrimp to the US. For the record, these six countries are Thailand, China, Vietnam, India, Ecuador and Brazil.

Unfortunately, that is not the happy ending of the story, Mr. Chairman.

Despite the powerful action taken by the ITC, the massive flood of farm-raised shrimp imports from Southeast Asian and South American nations continues today at a rate of over \$1 billion per year from these 6 countries alone. US dockside prices to our fishermen remain artificially depressed and are insufficient to sustain a healthy industry.

Last year brought the hurricanes that wrought devastation to our communities, our fleet, our shoreside infrastructure, and even our fishing grounds, which are now strewn with all manner of debris. Consequently, Gulf shrimp landings in 2005 fell another 35 percent from the 2004 level.

I won't go into any further details here and now since you and your Committee, as well as many individual Members, have generously focused a good deal of your time, attention and even hearings on this terrible catastrophe. We are immensely grateful for this. However, I will say that we desperately need the assistance being proposed in the Senate and ask you all to support efforts to pass that legislation and convince the President to enact it.

As if imports and hurricanes weren't enough, now we have the fuel price crisis. To state the obvious, the cost of fuel is our primary cost of production. Like farmers who cannot sustain skyrocketing natural gas costs, shrimp fishermen cannot pass along to consumers the added cost of fuel as prices have gone through the roof. Our market is artificially distorted by farm-raised imports from market and non-market economies that simply do not face the energy, labor or regulatory costs we do. We are trapped under an artificial price ceiling and fuel prices are squeezing the life out of us.

Mr. Chairman, there is no doubt the US warm water shrimp fishery faces some incredible challenges, and the SSA certainly has its hands full. With this in mind, you might ask how and why we even focus on the Magnuson-Stevens Act ("Act") at this point.

One reason is that the environmental community continues its fixation on narrow and simplistic policy goals that make lofty-sounding press releases yet are likely to be counterproductive in actual practice. Fisheries are incredibly diverse and fisheries policy must accommodate that diversity. The proper response to this reality is more flexibility to tailor management measures to reflect this diversity; not less. Congress must give scientists and managers a broadly crafted statute that enables them to produce the best science and to apply common sense in developing measures that achieve both the biological and socioeconomic objectives of the Act. Our fishery along with every American fishery has something very important at stake in this reauthorization process.

We are reading a lot of press these days about the need to incorporate more aggressive and rigid management goals into the Act. For those of us in the trenches of real world, day-to-day fisheries management, however, that kind of talk has no place in this Act. I commend the Chairman, and our old friends Mr. Young and Mr. Frank, for being the ones to 'state the case' for improving our science while using common sense and greater flexibility to more effectively manage our diverse fisheries.

With this background and context in mind, we appreciate the opportunity to provide the following specific thoughts and suggestions concerning your bill, HR 5018 as well as H.R. 1431. We support your efforts to enact legislation that takes a practical and common sense approach to improving upon the Magnuson-Stevens Act, and we look forward to working with you and your excellent staff on this important legislation.

Shrimp as an annual species

Annual species such as warm water shrimp reach harvestable size and maturity within or less than one year of age. They are characterized by very high fecundity (spawning output), and have very high rates of natural mortality; i.e., few live beyond one year.

The success of a given year class is driven by environmental conditions encountered on the nursery grounds. There has been no demonstration that fishing effort in one year affects shrimp availability in the following year.

These biological realities of warm water shrimp fisheries (and other 'annual species' fisheries) have important management and policy implications that should be expressly addressed in the Magnuson-Stevens Act.

For example, warm water shrimp fisheries are not managed by annual catch limits such as a Total Allowable Catch (TAC) or other such limits. Similar to salmon in this respect, these fisheries are instead managed to achieve a minimum annual escapement of adult shrimp from estuaries to the offshore areas that ensures adequate reproductive potential for production in the subsequent year. This target escapement effectively serves as a proxy for optimum yield and is an extremely small number of adults relative to the total population.

Mr. Chairman, we appreciate your apparent recognition of this reality in your provisions to require setting annual catch limits set forth in section 3 of your bill. We note the specific language that limits this requirement to those fisheries "*for which an annual catch limit can be established*". We hope the intent of this language is to exclude our shrimp fishery from this annual catch limit requirement.

Still, given the political forces we face in the Gulf and Southeast regions, particularly on the Gulf of Mexico Fishery Management Council, we worry that an annual catch limit could be established arbitrarily, even though there is no scientific or management justification for it. Perhaps we could work with you and your staff to clarify this provision either in the bill itself or in report language to make certain this provision does not apply to the shrimp fishery.

For the same reasons, the concept of Maximum Sustainable Yield (MSY) as the usual basis for fishery management is not really relevant for the management of warm water shrimp and other annual species. As I've stated, there is no demonstrated effect of fishing effort on annual shrimp yield.

Given this, we would again ask to work with you and your staff to evaluate the definitions and use in the Act of such fundamental concepts as overfished, overfishing, and optimum yield which are tied to the concept of MSY. When we raised this issue in a previous Congress, consideration was given to directing the National Academy of Sciences to evaluate this unique situation and recommend a legislative solution. Perhaps this approach would be useful again.

Finally, we note that Mr. Rahall's bill, H.R. 1431, also proposes a process for establishing annual catch limits and that our comments and concerns set forth above apply to this legislation as well.

Overcapacity & buy-outs

Mr. Chairman, as you and the Committee have certainly deduced from my earlier remarks, illegal dumping of shrimp in our market followed by the hurricanes and rising fuel prices have taken their toll. Simply put, there aren't nearly the numbers of shrimp boats out there today as there were a decade ago. In the 1990's, we had in excess of 5000 shrimp vessels operating. Today less than 1800 permits are active, maybe as few as 1600. Given all that has transpired in the last year, we really don't know where we stand in terms of active fishing effort. It will be some time before the dust settles and we can sort this out.

I ask you to please take particular note of this. Despite the inexplicable insistence of the NMFS leadership to the contrary, our fishery is NOT overcapitalized. I repeat, the domestic shrimp fishery does not have excess harvesting capacity, and does not need or want an industry-funded buyout for the purposes of reducing capacity. For the same reasons, any suggestions for applying effort caps to our fishery at this juncture also make no sense.

It is certainly fair to say that there may be many shrimpers who would now accept an offer from the federal government to exit the fishery, especially those still high and dry after the hurricanes. Still, the reality is that our fleet is probably under-capacity and could not possibly absorb the cost of a buyout.

We also note that any buyout is simply not feasible under our current permit management system. As you may know, we have instituted a moratorium on the issuance of shrimp fishing permits which will expire in 10 years. We do not have a limited access plan in place as contemplated under section 303(b)(6) of the Act. We note your amendment to section 312 (b) requiring a limited access system to be in place in order for a buyout to be implemented.

Gulf Council Imbalance

Perhaps the threat that has faced the US shrimp fishery longer than any we face today has been the relentless hostility of the recreational fishing industry, particularly in the Gulf of Mexico and South Atlantic Fishery Management Councils. I am not joking when I say that an entire industry and politically powerful subculture have developed in this country purely based

on demonizing commercial fishing including our shrimp fishery. Despite our socioeconomic significance in the fisheries and communities of our region, there is only one active shrimp fisherman on the Gulf Council and there are a total of only 3 Council members that are directly and actively participating in commercial fisheries.

Sadly, we have noticed a recent surge in the intensity of these hostilities on the Gulf Council ever since the hurricanes, particularly with respect to the issue of red snapper bycatch. I can only hope this doesn't reflect a deliberate effort by some to take advantage of our fishery while we are coping with the hurricane disaster.

With this in mind, we ask you to consider adding to your bill the provision included in section 103(i) of the Senate Magnuson-Stevens bill (S. 2012), as reported by the Senate Committee on Commerce, Science and Transportation, which would specifically address Gulf Council appointments by requiring an equal balance of commercial and recreational sector representatives. This could prove to be a very helpful provision even as we know some of the State representatives on the Council will remain advocates of the recreational sector.

Bycatch

As I mentioned above, one unfortunate consequence of Gulf Council imbalance is the Council's current joint management plan development of Amendment 27 to the Reef Fish Fishery Management Plan (FMP) and Amendment 14 to the Shrimp FMP as well as Amendment 15 to the Shrimp FMP. The Gulf Council has developed and is rushing through the process a number of amendment options to be voted on at the June meeting which would take the unusual (if not illegal) approach of shifting the responsibility for ending overfishing and rebuilding the red snapper stock away from the directed fisheries and onto the shrimp fishery as a red snapper bycatch fishery.

Rather than comply with the scientific recommendations to substantially reduce the Total Allowable Catch (TAC) in the directed commercial and recreational red snapper fisheries, these measures instead contemplate rebuilding red snapper on the backs of the US shrimp fishery by requiring massive, unjustified reductions in red snapper bycatch. Measures that have been under consideration include vast time-area closures and triggers for shutting down our fishery altogether.

Mr. Chairman, we ask you and your staff to look into this situation. Perhaps there is a need to consider adding a provision to the Act that would prevent a Council from disproportionately shifting the responsibility and conservation burden of ending overfishing and rebuilding an overfished fishery away from the directed fisheries and onto a bycatch fishery.

At first glance provisions in the Act such as section 303(a)(14) would appear to address this basic need to allocate harvest restrictions fairly and equitably among sectors of the fishery. The reality is, however, the Council actions now under consideration would appear to sacrifice the shrimp fishery so that the directed red snapper fisheries can continue to fish at unsustainable levels. Either what the Council is doing is illegal under the current statute, or there is a need to address this in your legislation.

Better Science

Mr. Chairman, your bill - as well as H.R. 1431 sponsored by Mr. Rahall - include many provisions designed to improve the collection and quality of fishery science. Perhaps there is no greater need in fishery management today than this. As the demands for ever more precise and complex management strategies increase, so does the need to improve the collection and quality of data as well as the quality and transparency of scientific analyses, including rigorous peer review.

With this in mind, we feel it is critical that the scientific process be integrated with the management process to the greatest degree possible. For science to be useful (understood) and readily accepted by the affected fishing constituencies, it cannot be produced in black box, separate from the Council management process. We strongly support your efforts to focus attention and thought on this critical issue.

Our concern with fisheries science is not limited to its quality and how it is generated. Our concern is at least as strong with respect to how science is used in the management process. A common theme we hear from many fisheries is the concern that science is manipulated or ignored to support the preconceived political agendas of a Council or NMFS. The current actions of the Gulf Council with respect to red snapper bycatch provide an excellent example of our concern that the science on shrimp fishing effort and red snapper bycatch as it relates to red snapper rebuilding is being ignored and manipulated.

Specifically, a reliable estimate of red snapper bycatch in the Gulf shrimp fishery is dependent upon a reliable estimate of fishing effort in the shrimp fishery. However, currently there is no reliable estimate of fishing effort in the Gulf shrimp fishery.

The impacts of illegally dumped shrimp imports, escalating fuel prices, and the hurricanes are thought to have reduced fishing effort in the shrimp fishery substantially and indefinitely. Research funded by Congress is ongoing to determine current Gulf shrimp fishing effort. A reliable estimate of current red snapper bycatch in the shrimp fishery cannot be made until such research is completed.

The Interdisciplinary Planning Team (IPT) of the Gulf Council recently concluded:

“...a comprehensive effort reduction program is necessary to achieve the large-scale bycatch reduction to end overfishing of red snapper by the Gulf of Mexico shrimp fishery.”

Yet, in the same report, the IPT also cites the following scientific reality:

“However, it will be difficult to understand the effects and tradeoffs of alternative effort controls and reduction programs for a number of years given the damaging effects of the 2005 hurricane season on participation and effort in the shrimp fishery.”

Facilitated by the imbalance in membership, the Gulf Council is currently rushing to adopt by its June meeting unprecedented regulatory measures (time-area closures, effort caps, etc) to drastically reduce shrimp fishing effort and red snapper bycatch without adequate scientific justification or understanding of current fishing effort or red snapper bycatch in the shrimp fishery. As the IPT’s own background documents conclude, this understanding will take some years to achieve.

As reflected in Council documents, it is not known for certain whether further reductions in red snapper bycatch or shrimp fishing effort are even needed to achieve red snapper management objectives-- indeed; there is substantial evidence that they are not needed. In addition to the shrimp fishing effort reductions that have already occurred, I would also note that the historical fish discard to shrimp ratio has been reduced by 55% from 10.3 to 4.6. Yet, in the face of this scientific uncertainty, draconian measures under consideration by the Council would unnecessarily further damage the already devastated shrimp fishery and fishery-dependent communities throughout the Gulf.

Further, NMFS analyses set forth in the Gulf Council’s background documents suggest that even extreme reductions in red snapper bycatch in the shrimp fishery may make a relatively small contribution to red snapper biomass rebuilding as compared to more aggressive mortality reductions in the directed commercial and recreational red snapper fisheries. This small contribution to red snapper rebuilding does not justify the enormous economic impact that would result from draconian management measures proposed to achieve bycatch reduction targets.

Mr. Chairman, the National Standards and Section 303 of the Act would seem to preclude the Gulf Council from ignoring or manipulating the best available science in the manner it is. Again, either the Council action on red snapper is illegal under current law, or there needs to be further attention to this kind of problem in the Act. We would be grateful for your review of the situation.

Time – Area Closures

Mr. Chairman, section 5(h)(2) of your bill provides one very important way to improve the use of science in fisheries management. As mentioned above, the Gulf Council is currently considering the use of extensive time-area closures for the shrimp fishery as a tool to reduce red snapper bycatch. Time-area closures are also used extensively in other fisheries throughout the nation, and in some cases to apparent excess.

A common thread in all of these fisheries is that once a time-area closure is put into place, it can be very difficult to scientifically measure its effectiveness since no one can fish there. Further, there is no mandate for reconsideration and reevaluation in the Act. Consequently, time-area closures tend to stay in place forever—even if the original underlying purpose for the closure may have been achieved and/or is no longer valid. This is unfair to fishermen and counterproductive to the goal of achieving optimum yield from our fisheries.

Mr. Chairman, I just want to express our appreciation and support for your recognition of this problem and effort to correct it. Section 5(h)(2) of your bill would require a sound scientific and cost/benefit basis for establishing time-area closures in the first place, as well as a requirement to subsequently evaluate the performance of the closure in terms of its original purposes. This will be an extremely beneficial addition to the Act.

Limited Access Privilege Programs

While we readily accept that Limited Access Privilege programs including individual fishing quota (IFQ) programs and other

such management strategies may have great utility for other fisheries nationwide, we are convinced beyond a doubt that this style of management has no place in the shrimp fishery for the foreseeable future. I suppose that day may come, but it is definitely not here now.

In our view, such programs may have their greatest utility in rationalizing overcapitalized fisheries that are managed by hard TACs—especially those in need of rebuilding. As I trust I have made clear, the shrimp fishery is neither overcapitalized and in need of rationalization, nor is it managed by an annual catch limit such as a hard TAC. It is not overfished either.

We appreciate the great deal of attention provided in your bill to creating national standards of policy and procedure for developing such management programs and the need to make sure they do not harm the traditional small business, community-based characteristics of many US fisheries. We also note that your bill correctly recognizes the regional diversity of fisheries by providing New England fishermen with the opportunity to hold a referendum before the New England Council may submit, or the Secretary approve or implement, an IFQ program. We note the threshold for referendum approval is 2/3rds of the voting eligible permit holders.

Mr. Chairman, our concern with the bill as currently drafted also relates to the issue of Gulf Council imbalance, and to the seemingly tireless advocacy of the NMFS leadership for Councils to develop Limited Access Privilege programs. We note that your bill would authorize the Gulf Council to self-initiate the development of a limited access program, including for the shrimp fishery, without the need for an industry referendum. Our concern is that without a referendum, the Gulf Council may act on such a program over our fishermen's objections and beyond their control.

We respectfully request that a provision be added to your bill that, like New England fishermen, also provides Gulf of Mexico shrimp fishermen with the opportunity to hold a referendum before the Gulf Council is allowed to submit, or the Secretary approve or implement, an IFQ program. We too support a threshold of 2/3rds of the voting eligible permit holders to approve such a plan. We also note that the Senate Magnuson-Stevens Act reauthorization bill (S. 2012), includes such a referendum provision for the Gulf, but at the 50% threshold.

Ecosystem Management

Finally, Mr. Chairman, I just want to recognize the approach you have taken with respect to ecosystem management. In my view, there are precious few if any fisheries for which an adequate level of scientific understanding of the entire ecosystem exists to move forward with comprehensive ecosystem management.

Instead, as seems appropriate, each fishery continues to add incrementally to its ecosystem understanding and to apply this understanding to its management, as is provided for by the current statute. Forcing too much too fast will force mistakes and only provide fodder for more lawsuits.

As your bill suggests, ecosystem research is the appropriate focus now coupled with a cautious and thoughtful move towards ecosystem management that is consistent with the current state of ecosystem knowledge for a given fishery.

Mr. Chairman, if there is one thing I want you and the Committee to take from my testimony today it is that while the Shrimp industry may be down and faced with many challenges—we are by no means down and out. We could certainly use a hand—and hope that the pending Supplemental Appropriations bill will provide one. What we don't need right now is legislation that will hamstring what is already a very difficult management process.

Once again, we greatly appreciate the common sense approach taken in your bill and look forward to working with you and your fine staff on your bill including the important issues I've brought to your attention.