

TESTIMONY OF CAROLYN FLOYD  
MAYOR, CITY OF KODIAK  
ON NORTH PACIFIC FEDERAL FISHERIES MANAGEMENT ISSUES  
AFFECTING THE CITY OF KODIAK

BEFORE THE HOUSE SUBCOMMITTEE ON FISHERIES AND OCEANS  
OF THE HOUSE COMMITTEE ON RESOURCES  
AT KODIAK, ALASKA

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Good morning Mr. Chairman and members of the Subcommittee. I am Carolyn Floyd, the Mayor of the City of Kodiak. I appreciate the opportunity to testify before the Subcommittee on Fisheries and Oceans concerning North Pacific federal fishery management issues affecting the City of Kodiak, understanding that you are considering reauthorization of the Magnuson-Stevens Act.

As an initial matter, I would like to officially welcome you to our city. We are justifiably proud of its character as one of the leading fishery communities in Alaska and the United States.

As background to my comments, I believe it is important for the Subcommittee to appreciate the character of Kodiak's fishing community.

Kodiak has a long heritage of active engagement in every aspect of the fishing industry, from harvesting, processing and marketing through management and research. In Alaska, we are one of the few communities with a large resident workforce that is actively employed in every one of these areas. Kodiak's fishermen are engaged in a wide array of fisheries, from the local jig cod fishery through Bering Sea pollock and crab. Our processors produce a wide array of products for both domestic and foreign markets. We cherish that diversity, and are convinced that it is an essential part of who we are as a community, as well as being essential for our long-term survival.

Also, one of Kodiak's important values, in fisheries as well as many other walks of life, is competition. Our community promotes competition among fishermen, processors, seafood marketers and product developers, as we believe competition leads to innovation that preserves our ability to compete in world seafood markets, and, frankly, because it works.

We appreciate the potential benefits that can flow from fishery rationalization. We understand that rationalization can improve product recovery rates, facilitate production of higher quality and higher value products, improve bycatch management, and reduce pressure on sensitive fish habitat.

However, we are concerned that rationalization can have adverse effects on fishing communities. By its very nature, rationalization restrains competition. Defining the pool of participants that receives fishing privileges creates winners and losers as a consequence of fishery policy choices and management procedures, rather than fishing success. That step alone can fundamentally alter the health and stability of a fishing community.

Rationalization can fundamentally change landing patterns, shifting deliveries from communities close to fishing grounds with higher transportation and utility costs to communities further from the grounds with infrastructure advantages. While this may benefit harvesters and consumers, it can have a serious impact on the community losing processor employment opportunities. The City of Kodiak has spent millions of dollars on infrastructure that supports our fishing industry; from doubling the capacity of the public water system to investment in the largest, working harbors in the State of Alaska.

If rationalization awards fishing privileges to the initial qualifying generation without making provisions for subsequent generations, it can gentrify a fishery, and impair the vitality and diversity of the community that depends on it.

If rationalization creates fishing privileges that the holder can use to produce income without being actively engaged in the fishery, it can facilitate the migration of both people and capital from fishing communities, and can seriously disadvantage non-owner skippers and crewmembers.

Much has been said about the need for rationalization systems to take into account the interests of not only harvesters, but also processors. Kodiak, more than many other Alaskan fishing communities, recognizes the important place a healthy processing sector holds in our community, as our processing work force is largely composed of year round residents who are an important part of our culture and our economy.

However, it is also important to note that processor protection is not synonymous with community protection. Processor protection restrains competition, which depresses ex-vessel prices, and thus can adversely affect all those who depend directly or indirectly on the harvesting sector for their livelihoods. Processor protections also raise issues related to those raised by fishing privileges, i.e., processor protections create winners and losers as a matter of fishery policy and management procedure, rather than through innovation and efficiency, and they can gentrify the processing sector by creating barriers to new processor entry.

As the Bering Sea crab rationalization program so amply illustrates, processor shares also raise a host of complicated market economics and antitrust issues. We question whether the federal fishery management system has the resources to adequately comprehend these issues, or the capability to successfully address them. We note that Congress responded to the controversy associated with the halibut and sablefish IFQ program by imposing a moratorium on further IFQ programs until the National Academy of the Sciences had completed a program review, and Congress had an opportunity to evaluate the results. The legislation that mandated implementation of the Bering Sea crab rationalization program includes a prohibition on processor shares in any other fishery. We believe that prohibition should remain in place at least until the Bering Sea crab rationalization program has been fully reviewed and evaluated.

We ask that the Subcommittee take these considerations into account during the Magnuson-Stevens Act reauthorization process. While we believe rationalization has substantial benefits to offer, we also believe rationalization systems should be designed to counteract their negative effects. We encourage the Subcommittee to develop and promote rationalization program standards that preserve opportunities for new entry into rationalized fisheries for fishermen who do not have substantial capital to invest, promote active engagement rather than passive rent collection, and preserve healthy competition among processors.

We also encourage the Subcommittee to review the community protection measures being considered by fishery management councils for their effectiveness and compliance with National Standard 8. We believe that measures that provide community protection while preserving a reasonable level of competition, such as regional landing restrictions, should be explicitly authorized under National Standard 8. We support regional fishery management councils, created by the Magnuson-Stevens Act, as a much better decision-making process for federal fisheries, than centralized federal agency decision-making.

We also believe further discussion of methods under which communities could directly hold and use fishing privileges to mitigate rationalization impacts is warranted. While we are somewhat skeptical regarding the appropriateness of communities being directly engaged in the fishing business, we also understand that community fishing quotas may, under some circumstances, be the best means for mitigating rationalization impacts. However, we firmly believe that in any community fishing quota allocation or purchase component of a rationalization program, sustaining the participation of communities that have been substantially engaged in and dependent upon a fishery should have priority over enhancing the participation of communities that have a more attenuated relationship to the fishery.

In closing, I would like to thank the Subcommittee for traveling to Kodiak, and for providing an opportunity for me and others in our community to testify before you. We encourage you to spend a little of your time here exploring our community, and hope your trip here is a pleasure as well as informative. Thank you.