

OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
STATE HOUSE • BOSTON, MA 02133
(617) 725-4000

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

November 15, 2011

The Honorable John E. Bryson, Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, D.C. 20230

Dear Secretary Bryson:

Massachusetts fishermen have suffered severe economic hardship under the federal government's latest set of fisheries regulations. I write to ask for your help in formally declaring what we in Massachusetts have known for some time: the Massachusetts multispecies groundfish fishery is suffering a fishery resource disaster.

In November 2010, I made a request to the Department of Commerce to provide \$21 million in direct economic relief to the Massachusetts groundfish fleet for the impact caused by the implementation of and transition to catch shares. To support this request, I submitted a comprehensive Massachusetts Marine Fisheries Institute Report ("MFI Report") which detailed the economic harm Massachusetts fishermen have suffered under Amendment 16, or "catch shares." Specifically, the report estimated that fishermen would suffer \$21 million in lost revenue considering the difference between the value of groundfish allocated to fishermen in 2010 and the annual average landings produced by the same fishermen between 2007 and 2009.

The Department denied my request in January of this year. In that denial, however, Secretary Locke and Assistant Administrator Schwaab suggested economic disaster aid could be available in the future.

Specifically, Assistant Administrator Schwaab noted: “[H]ow sector management is affecting individual fishermen and communities is worth further research in Massachusetts and other states. We want to work with you and the Council to analyze economic data more closely . . . and to identify any fishermen and communities that may be in need of targeted assistance.”

We have diligently conducted that research, and the new data gathered shows in greater detail how catch shares have had a devastating impact on the Commonwealth’s groundfish fishery. In response to Assistant Administrator Schwaab’s offer, Massachusetts has worked collaboratively with the National Oceanic and Atmospheric Administration (NOAA), its National Marine Fisheries Service (NMFS), and researchers from the University of Massachusetts Dartmouth’s School of Marine Science and Technology (SMAST) to further define economic impacts previously documented in the MFI’s 2010 report. The Massachusetts Division of Marine Fisheries (DMF) has also analyzed finer scale data as it relates to specific fishery sectors. As detailed below, these studies, along with NOAA’s 2010 Final Report on the Performance of the Northeast Multispecies (Groundfish) Fishery May 2010-April 2011 (“NOAA’s 2010 Performance Report”) and the previously issued MFI Report, demonstrate that federal regulations and management policies have caused a significant consolidation of the groundfish fleet, loss of jobs, and reduced revenues - all of which have combined to create a fishery resource disaster for the Massachusetts multispecies groundfish fishery.

Industry Consolidation:

NOAA’s 2010 Performance Report details a significant shift in the distribution of revenue under catch share management. Specifically, the report analyzed the full year performance of the Northeast groundfish fishery. It shows that, over the past four years, 10% of fisherman accounted for the following total groundfish revenue:

2007 = 45.9%
2008 = 46.9%
2009 = 47.7%
2010 = 57.7%

The 2010 data, compiled at the conclusion of the first year of catch share implementation, shows a statistically significant jump to 10% of fisherman accounting for 57.7% of groundfish revenue. This documents an unexpected and rapid concentration of groundfish revenues being consolidated in fewer individual vessels.

These findings are further verified by a just-released Break-Even Analysis of the New England Groundfish Fishery for FY2009 and FY2010 ("Break-Even Analysis") [Attachment 1], a joint DMF/SMASST/NOAA report that seeks to determine break-even points for vessels by gear category and size. According to the report, fewer vessels participated in the groundfish fishery region-wide during FY2010 following catch share implementation than did so during FY2009. The Break-Even Analysis provides evidence that rapid consolidation has occurred, with 109 fewer vessels fishing for groundfish in 2010 than in 2009, representing a 23 percent decline. This data illustrates the economic impact federal regulations have had on our fishing industry.

Sector-Level Losses:

Additionally, DMF has just issued the Comparative Economic Survey and Analysis of Northeast Fishery Sector 10 (Sector 10 Analysis) [Attachment 2] that details losses at specific fishery sectors. The report concludes that severe economic losses occurred in Sector 10. Between 2009 and 2010, groundfish landings decreased by 61 percent, forcing a 52 percent drop in groundfish revenue - equivalent to \$1,567,000. The sector's total revenue decline of 24 percent would have been much higher if not for a dramatic and unsustainable shift in effort by fishermen to non-groundfish species. Significantly, this shift to non-groundfish species does not come without costs. It is likely to have negative conservation and management implications for other fisheries, as well as potential adverse economic impacts on the revenues of other non-groundfish fishermen.

The transition to catch shares has had a devastating effect on Massachusetts small boat operators in Sector 10. Specifically, in this one sector alone the implementation of catch shares has caused 27 small business owners to lose \$1,567,000 in FY2010. Also in this sector, 30 percent of permit holders lost at least 80 percent of their groundfish revenue, worth \$301,000, while 52 percent lost at least half their revenue,

worth \$667,000. Assembling this report required the cooperation of all Sector 10 members who volunteered confidential information that enabled DMF to determine their fishing costs. While Massachusetts fishing sectors are not homogeneous, we believe the Sector 10 Analysis is illustrative of similar losses across all sectors, particularly among small boat owners.

Furthermore, as part of the Sector 10 Analysis, DMF also compared 2010 aggregate information for all sectors and the common pool that lost revenue versus sectors and the common pool that gained revenue based on groundfish trips alone. This comparison showed total revenue was down approximately \$11 million for 12 of 17 sectors and the common pool. Although we do not have an extensive Sector 10-like analysis informed by the voluntary sharing of confidential business information to evaluate the entire fishery, it is clear from conversations with sector managers that even the five sectors that had revenue gain in 2010 included many members who lost revenue.

Economic Disaster Assistance is Warranted:

Small boat operators are being forced out of business, and many other larger boats are failing to break even. NOAA's 2010 Performance Report notes that, under Amendment 16, "more nominal value was obtained from fewer fish" in 2010. While this may be true in the aggregate, as noted above and in the same NOAA report, this value has not been equally apportioned. The livelihood of these fishermen is at risk because of Amendment 16.

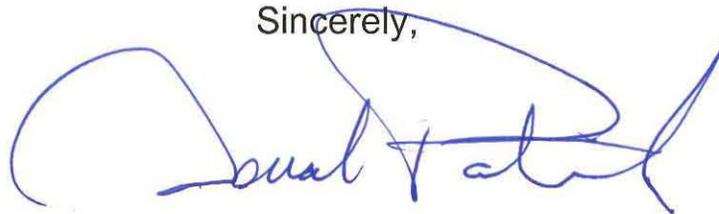
As NOAA's own data confirms, the Massachusetts groundfish fleet is experiencing a significant and rapid consolidation, imperiling our historic and economically important commercial fishing industry. DMF's report details \$11 million in losses across 12 of the 17 sectors and the common pool. When the additional information available from NOAA's 2010 Performance Report, DMF's Sector 10 Analysis, and the Break-Even Analysis is taken together, the total disaster assistance needed for Massachusetts fishermen approaches the \$21 million in our original request.

The Commonwealth is committed to working with NMFS to develop a detailed application process to ensure only adversely impacted fishermen

are eligible for assistance, and would urge the Department to take a broad view of our application in determining an adequate and fair award. The Commonwealth, for its part, commits to work with NMFS to develop a transparent and expeditious plan for disbursement of any federal fishing disaster funds that will assist those in need, as well as to find ways to assist adversely impacted crew members with health and other social service assistance.

I am personally committed to continuing to serve as a constructive voice for fisheries management reform and I look forward to a strong working relationship with you and your team to protect the economic viability of our fishing communities while maintaining a sustainable fishery.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul F. ...", written over the word "Sincerely,".

CC:

Jane Lubchenco, Administrator, National Oceanic and Atmospheric Administration
Eric Schwaab, Assistant Administrator, National Marine Fisheries Service
Patricia Kurkul, Northeast Regional Administrator, National Marine Fisheries Service
Senator John Kerry
Senator Scott Brown
Representative Michael E. Capuano
Representative Barney Frank
Representative William Keating
Representative Stephen F. Lynch
Representative Ed Markey
Representative James McGovern
Representative Richard E. Neal
Representative John Olver
Representative John Tierney
Representative Niki Tsongas
Mayor Scott Lang, New Bedford
Mayor Carolyn Kirk, Gloucester

Secretary John Bryson
November 15, 2011
Page 6

Richard K. Sullivan, Jr., Massachusetts Secretary of Energy and
Environmental Affairs

Bill White, Assistant Secretary for Federal Affairs, Massachusetts Energy
and Environmental Affairs

Mary B. Griffin, Massachusetts Commissioner of Department of Fish and
Game

Paul J. Diodati, Massachusetts Director of Division of Marine Fisheries