



February 1, 2010

Mr. Eric A. Olsen, Chairman
North Pacific Fisheries Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501
Deliver via fax to (907) 271-2817

Re: Potential Area 2C Charter Operator Halibut Restrictions

Dear Mr. Olsen,
The Southeast Alaska Guides Organization (SEAGO), www.segoalaska.org represents charter operators and lodges throughout our region. We are very concerned about additional restrictions being considered for Area 2C charter operators in 2010.

Regulations you enact have a far greater impact than just to the parties directly affected.

Economic Impact – Southeast sportfishing creates \$300M economic activity, generates 3,000 jobs, and supports 400+ small businesses⁽¹⁾. We suffered a 30%+ decline in business in 2009 and 2010 is forecasted⁽²⁾ to show no recovery. This slowdown will cost our local communities an estimated \$200M in economic opportunity, loss of 2,000 jobs, and closure of 150 small businesses over a two year timeframe.

Area 2C Charter Economics^{(1), (2)}	2009-10 Impact
Financial Loss to Local Communities	(\$200M)
Job Lost/Not Hired	(2,000)
Business Closures	(150+)

⁽¹⁾ Data from "Economic Significance of Sport Fishing in Alaska" - <http://www.sf.adfg.state.ak.us/Statewide/economics/>

⁽²⁾ 2010 SEAGO forecast study to ADF&G 11/2009

Two key contributors to this decline are the economic slowdown and increased fishing regulations that have seriously affected the regions' reputation as a sportfishing destination.

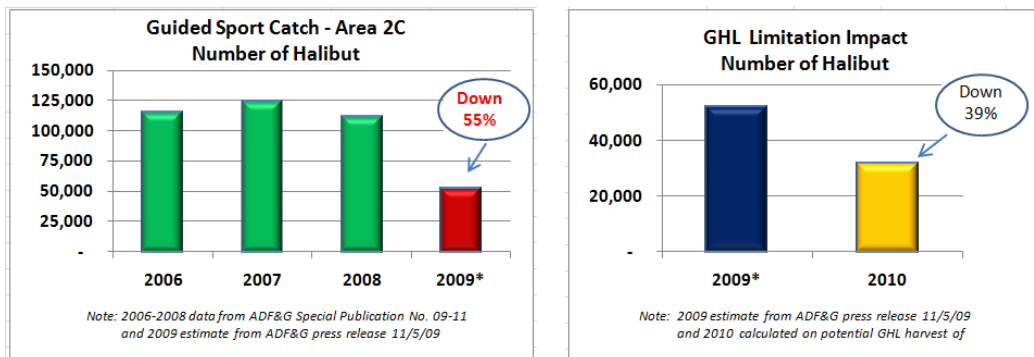
This is not a hypothetical situation, it's very real. For example, the State just published December unemployment statistics (<http://labor.alaska.gov/news/2010/news10-06.pdf>) showing an 8.8% statewide rate, the worst since 1992, and the Southeast rate of 9.5%. In addition, charter contributions to local taxes in Sitka are down more than 28% in 2Q09 causing a cutback in essential services, and we have seen population decreases in other areas throughout Southeast. Sadly in 2009, we saw charter businesses fail, communities have suffered, and good people have seen their life's work fall upon tough times.



Sport fishing has become the fourth largest component of the State’s GDP and needs to be recognized as a significant contributor to the Alaskan economy rather than just a threat to the commercial fishing industry. Now, at a time when the State is working out of the deep recession and looking for growth opportunities, we believe it would be ill advised to take actions that negatively affect its future unless 100% necessary for conservation of the resource. We respectfully request that any actions contemplated by NPFMC that would cause further strain on our local economies in 2010, be taken with serious analysis and forethought.

Regulation Impact - Since 2006 the charter sector has faced a steady progression of restrictions. The reduction in halibut limits from two fish, to two fish with a size limitation rule, and now down to one fish this past summer has resulted in a decrease in the viability of Southeast as a sport fishing destination. Visiting anglers have other options and many are now going elsewhere. Once gone, these anglers are very hard to win back.

The chart below illustrates that we took a 50%+ catch reduction with the introduction of the one halibut rule in June, 2009. If charter operators are limited to the GHIL of 788,000 lbs for 2010, it will



reduce our catch to just over 30,000 fish, resulting in an additional 39% reduction. There is no doubt that any regulation change will have a serious impact to jobs and business income in the communities where we live and work.

Fair Consideration - The IPHC has demonstrated flexibility with its 20% target harvest rate to mitigate economic and other situations. These measures were implemented to offset extreme economic impacts in a down cycle such as we are encountering at this time and the commercial fleet has benefited from this process for the past several years. At the January, 2010 IPHC meeting, the Commission took the following action:

IPHC Area 2C Actions Taken 1/29/2010

- 2.39M lbs - Fishery CEY recommended by staff for the commercial sector
- 1.31M lbs - SUFD adjustment for economics
- 0.70M lbs - Additional consideration approved by the Commission
- 4.40M lbs - Total



resulting in an upward adjustment of two million pounds. Reasons cited for this additional allocation come from the Conference Board Report delivered at the meeting:

"The Conference Board supporting arguments for this harvest level include recent WPUE's that have stabilized and at(sic) the average age of fish harvested is between 12 and 13 years old. This age structure represents a large percent of the resource that is contributing to egg production. The U.S. delegation points out that this area has already taken a 54% reduction over the three preceding seasons."

By granting allocation in excess of the CEY, the IPHC must consider the resource strong enough that there will be no negative impact to conservation or sustainability of the fishery.

Unfortunately the IPHC procedures do not take economic and other considerations into account for charter operators. Further, there are no effective management tools provided by regulators to mitigate situations like we face today. For example the upcoming Catch Sharing Plan will have an option to lease additional catch. Thus, we can only call upon your reasoned judgment for fair consideration.

Recommendation – The double threat of a 39% cut (on top of the 55% reduction in 2009) and continuation of the recession will create a severe problem for both charter operators and the communities where we live and work. We strongly recommend that you enact no additional restrictions on the Area 2C charter operators in 2010. Because of the economic slowdown, we will likely see a flat to down harvest this year even with unchanged regulations. Further, the estimated impact of this recommendation will be less than one quarter of the 2.0M lb adjustment given to the commercial sector for 2010. Finally, it is important to point out that we are looking at just this year because the Moratorium implementation in 2011 will very likely further reduce harvest.

SEAGO would welcome the opportunity to work with all involved to arrive at decisions that are in the best economic interests of our communities, the sustainability and conservation of our halibut fishery, and the financial health of both commercial fishermen and the guided sport sector.

Sincerely,

John A. Blair
Executive Director
Southeast Alaska Guides Organization
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cc: James W. Balsiger, Acting Assistant Administrator for Fisheries, NOAA, via email to: jim.balsiger@noaa.gov
Doug Mecum, Regional Administrator, NOAA Fisheries' NMFS, Alaska Division, via email to: doug.mecum@noaa.gov