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Commerce, Science and Transportation's
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Thank you Mr. Chairman, members of the Committee, for the opportunity to testify on the reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act or MSA).

First, MSA has been successful and I support reauthorization. Second, recreational fisheries values need to be given due consideration in the reauthorization.

The metrics that define success, and therefore the management strategies, between recreational and commercial fisheries are fundamentally different. While the purposes of the Act would be beneficial to both commercial and recreational fisheries conservation, the application of the Acts regulatory mechanisms and Stakeholder involvement largely focuses on commercial fisheries to the exclusion of recreational fisheries interests. In the current reauthorization process for MSA, a principal focus needs to be a clear recognition and understanding of the essential nature of recreational fisheries management, and then delivery of the necessary and proper tools to both regulators and managers so that recreational fisheries can be managed to realize their full economic and social values.

Successful management of recreational fisheries differs from commercial fisheries in fundamental ways:

1. **Angler days (daily bag limits) vs. poundage (metric tons):** whereas commercial fisheries maximize value by the metric ton, as measured by pounds of fish harvested and processed, recreational fisheries maximize economic and social values by optimizing the overall number of angler days sustained in a manner that provides for a reasonable expectation of harvesting fish throughout the season.

2. **Maximum sustained production (MSP) vs. maximum sustained yield (MSY):** while economic value is optimized in commercial fisheries when managing for maximum sustained yield, economic and social values are optimized in recreational fisheries when managing for maximum sustainable production. More fish available in the overall ecosystem means more opportunity for the angler to catch a fish – more fish means more angler days.

3. **Predictable seasonal management vs. flexible inseason management:** whereas management for MSY in commercial fisheries requires that intense, timely and flexible inseason management systems be in place, management for MSP in recreational fisheries, through a conservative approach in daily and or annual bag limits, allows for seasonal reporting predicated on minimizing the need for inseason adjustments to methods and means or bag limits.

4. **Value-added economics vs. value economics:** while the economics of commercial fisheries are based upon profit generated by the metric ton, with smaller margins per fish generated from large numbers of harvested fish, the economics of recreational fisheries is the inverse, where profit is generated from angler opportunity that produces larger margins per fish on fewer numbers of harvestable fish. Whereas profits from commercial fisheries are typically realized within the seafood industry (harvesters, processors, wholesalers, retailers), profits from recreational fisheries are typically more widespread to include the tourism, retail, and real estate industries (charters, lodging, restaurants; fishing equipment such as boats, rods, reels, tackle; and secondary residences for fishing, respectively.)

The value and benefits of recreational fisheries are largely ignored in the current authorization of MSA and the current MSA reauthorization process is the time to finally address this shortcoming with respect to recreational fisheries management. To illustrate this pressing need, let's look at our experiences with management of recreational fisheries in Alaska.

The Alaskan Experience in Recreational Fisheries Management

Fisheries are big business in Alaska. Commercial fisheries in Alaska generate roughly one half of the landings of the U.S. commercial fishing industry.[1] Recreational fisheries in Alaska are among the top five states in generating non-resident fishing expenditures.[2] Together these fisheries generate approximately $6 billion[3] in economic impacts and contributions to the Alaskan economy, with recreational values about $1.4 billion[4] of the overall total, and split evenly between resident and non-resident angler activity.

- In Alaska, commercial and recreational fisheries generate comparable tax revenues to state and local governments, both typically in the $100 million plus range.[5]
- About 80 percent of all angler activity in Alaska is focused on salmon and halibut, both species that are influenced by the regulatory authority of the MSA. Recreational fisheries utilize less than five percent of the overall salmon harvests and less than 10 percent of the overall halibut harvests in Alaska.[6]
- The Cook Inlet basin in Southcentral Alaska is home to the state's largest population center with some 400,000 residents, nearly two thirds of the overall population. Half of all tourism trips occur in the Cook Inlet region – while one in five visitors buy a non-resident sport fish license, these sport anglers generate 40 percent of the tourism revenues in Alaska.[7]
- In Cook Inlet, nearly 200,000 resident and non-resident anglers generate 60 percent of all recreational fishing activity in Alaska. The Kenai River watershed supports the largest and most intensively used recreational fisheries in the state.[8]

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[1] NOAA Fisheries, *Fisheries of the United States, 2012 (2013),* www.noaa.gov/commercial-fisheries/fus/fus12/
[2] American Sportfishing Association, *Sportfishing in America: An Economic Force for Conservation (2013),* asafishing.org/uploads/Sportfishing_in_America_January_2013.pdf
[3] Marine Conservation Alliance, *The Seafood Industry in Alaska's Economy (2011),* www.marineconservationalliance.org/wp-content/uploads/2011/02/SIAE_Feb2011a.pdf
[4] Alaska Department of Fish and Game, *Economic Impacts and Contributions of Sportfishing in Alaska, 2007 Report (2008),* www.adfg.alaska.gov/static/home/library/pdfs/sportfish/2007economic_impacts_
[5] Alaska Resource Development Council, *RDC Annual Report (2013),* www.akrdc.org/membership/annualreport/annualreport2013.pdf
[6] Kenai River Sportfishing Association, *Economic Values of Sport, Personal Use, and Commercial Salmon Fishing in Upper Cook Inlet (2008),* www.krsa.com/documents/KRSA%20Economic%20Values%20Report.pdf
[7] McDowell Group, Inc., *Alaska Visitor Statistics Program VI: Summer 2011 (2012),* www.mcdowellgroup.net/pdf/publications/2011AVSP-FullReport.pdf
[8] Kenai River Sportfishing Association, *Economic Values of Sport, Personal Use, and Commercial Salmon Fishing in Upper Cook Inlet (2008),* www.krsa.com/documents/KRSA%20Economic%20Values%20Report.pdf

- Fisheries in Cook Inlet are a $1 billion industry, with recreational fisheries generating some $800 million[9] and commercial fisheries generating some $200 million[10] in economic value. Commercial fisheries harvest more than 80 percent of the salmon and halibut caught in Cook Inlet, while recreational fisheries harvest less than 20 percent of these fish.[11]
- In terms of generating food security for Alaskans, especially lower income families, ample access to locally harvested seafood by residents in the recreational fisheries of Cook Inlet affords people who live on the Kenai Peninsula to eat three times the national average of seafood per year. On the Kenai, 90 percent of seafood eaten by residents originates in the non-commercial fisheries; 50 percent of households eat fish two or more times a week, while 40 percent eat fish once a week.[12]

In Cook Inlet, the economic and social values of recreational fisheries greatly surpass those of the commercial fisheries by every available measure. Recreational fisheries are a classic value-added industry, and Cook Inlet is a prime example of this. State and federal fisheries management systems – designed primarily to accommodate commercial fisheries – continue to grapple with the profound and ongoing challenges of integrating two fundamentally different visions of fisheries management in Cook Inlet, Alaska and elsewhere in the nation.

Regionally, the most recent example of the ongoing and institutionalized bias against recreational fisheries comes in the form of the 2012 federal emergency economic disaster declaration by the Secretary of Commerce for king salmon in Alaska, which includes the Yukon, Kuskokwim and Cook Inlet regions in Alaska.[13]

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[9] Alaska Department of Fish and Game, *Economic Impacts and Contributions of Sportfishing in Alaska, 2007 Report (2008),* www.adfg.alaska.gov/static/home/library/pdfs/sportfish/2007economic_impacts_

[10] Alaska Salmon Alliance, *Cook Inlet Drift and Set Net Salmon Fisheries (2013),* www.aksalmonalliance.org/wp-content/uploads/2013/06/AlaskaSalmonAllianceReport060713.pdf

[11] Kenai River Sportfishing Association, *Economic Values of Sport, Personal Use, and Commercial Salmon Fishing in Upper Cook Inlet (2008),* www.krsa.com/documents/KRSA%20Economic%20Values%20Report.pdf

[12] Loring, Phillip, Gerlach, Craig, Harrison, Hannah, *Food Security on the Kenai Peninsula, Alaska: A Report on Local Seafood Use, Consumer Preferences, and Community Needs (2013),* http://ine.uaf.edu/werc/wp-content/uploads/2013/02/Loring-et-al-2012-Kenai-Peninsula-Food-Security-Report-vfinal.pdf

[13] Acting Secretary of Commerce Rebecca Blank, *Department of Commerce Determination for Alaska (2012),* www.nmfs.noaa.gov/stories/2012/09/09_13_12disaster_determinations.html#see below

In Cook Inlet, 2012 estimates of lost revenues from low numbers of returning king salmon were $33 million, with $17 million in the recreational fisheries and $16 million in the commercial fisheries. Problematic issues in Cook Inlet with the federal declaration include:

- While significant losses have occurred in the Cook Inlet recreational fisheries since 2011 due to conservation issues with king salmon, only the commercial losses in 2012 have so far triggered an economic disaster declaration in Cook Inlet salmon fisheries.
- Debate is now ongoing at the state and federal level as to whether or not economic losses in the Cook Inlet recreational fisheries in 2012 can be counted towards the overall lost fishing revenues to the region, or do only the commercial fishery losses count, based on competing interpretations of current MSA language.
- There is no discussion of the continuing economic losses being realized in the Cook Inlet recreational fisheries, whereas continuing economic losses in the commercial fisheries along the Yukon due to king salmon conservation issues are being tracked and accounted for in ongoing economic disaster declarations.
- In 2002 the Kenai king salmon fishery was voted as the number one sport fishery in the United States by Field and Stream; in the past few years the inseason restrictions and closures of the Kenai king sport fishery has made front page news of the Wall Street Journal, yet questions remain if such economic losses are applicable.

Regarding halibut in Cook Inlet and Alaska, for more than two decades there has been a contentious and ongoing dialogue on how to best conserve and allocate halibut between the recreational and commercial sectors. Catch shares and allocation have been front and center in the debate.

Commercial catch shares for halibut in Alaska have been used successfully but their application to recreational fisheries remains controversial:

- While catch shares in Alaska through commercial halibut IFQs have proven to be a beneficial tool for commercial fisheries management (reduced excess capitalization, increased prices, improved safety and fish quality), their implementation in recreational fisheries has been strongly resisted as being the wrong tool and impracticable.
- There have been repeated failed attempts to introduce catch shares into the recreational community on an individualized basis through charter captains, whereas

industry primarily supports a collective approach where the halibut allocation is provided to the charter sector as a whole then distributed through the traditional sport fishing management tools of methods and means, time and area, such as daily and or seasonal bag limits.

- Despite this, regulatory efforts still continue to force use of individualized catch shares in recreational fisheries through the Guided Angler Fish in the new Halibut Catch Share Plan. The recreational sector in Alaska is clear in its opposition to an individualize approach to catch shares in halibut management.
- The recreational fishing sector continues to be supportive of a market based solution whereby a fiscal mechanism exists to compensate reallocations of halibut in either direction between the recreational sector as a whole and commercial IFQ holders. Currently there is no such sector based approach for the recreational fishing industry as a whole to acquire, hold and trade halibut quota.

Allocation between the recreational and commercial sectors in the recent Halibut Catch Share Plan was based primarily on historical harvest data, not socio-economic data that would have based the primacy of allocation on an overall optimization of economic values of these fish.

- Federal regulators, managers and researchers basically punted when it came time to generate useful socio-economic data on the recreational sector that could be used when deciding how best to allocate the halibut resource between competing sectors.
- A variety of reasons were given in setting aside useful discussion of economic performance in the recreational sector – too difficult to generate data, too expensive to generate data, lack of familiarity with how socio-economic values are generated in recreational fisheries, not sure how to compare economic values between recreational and commercial fisheries.
- Nationally, NOAA does not generate economic values for recreational fishing in its annual report *Fisheries of the United States*. However, many state, industry, university, and non-governmental agencies can and do generate economic performance data and reports for recreational fisheries in the United States.

Summary

Currently we lack standardized and operational methodologies to first account for economic values generated in recreational fisheries and then to provide economic analysis that puts all participants on equal footing in evaluating economic impacts and contributions of allocation decisions on national, regional and local economies. One cannot really imagine the landscape of our national or global financial markets if economic data on the performance of either stocks or bonds was unavailable in a timely manner, yet we continue to do so in the development and allocation of our national fisheries resources.

In Alaska and elsewhere in the United States, the recreational fishing community has long endured the adverse impacts that stem from the lack of recognition and corresponding lack of appropriate regulatory and management tools for recreational fisheries in MSA.

In the development of a gem stone, there are three stages: the first step is the initial rough cut; the second part involves refining and finishing cuts; and the third phase centers on multiple turns of polishing with increased refinement until a sparkle and shine.

Relative to this current MSA reauthorization process, I think it would be fair to characterize the following:

- For commercial fisheries, we are in the polishing stage as many of the facets have already been cut and refined in the initial and subsequent versions of the MSA;
- Regarding conservation issues, with the rough cuts made in the 2006 MSA reauthorization that aimed to end overfishing in 10 years, we are most likely in the second stage, with further refinements necessary in the 10 year timelines relative to long-lived species, to those species where scant research data is available, and or those species that are sporadic or sparse in abundance.
- For recreational fisheries, we find ourselves still awaiting action for the initial rough cut, where the characteristics and nature of the nation's recreational fisheries are functionally recognized in MSA.
- It is reasonable that recreational fishery management objectives be stated in terms of angler-days of opportunity alongside guideline harvest quotas for shared fisheries.

The national recreational fishing community has been proactive in developing a conceptual framework for how recreational fisheries can and should be incorporated into the MSA. More so now than ever before, one can hear the recreational fishing voices from local, regional and national perspectives:

- recreational fishing advocates on the regional fishery councils and advisory panels;
- those on the Marine Fishery Advisory Committee to the Secretary of Commerce;
- those who participated in the Morris-Deal Commission on Recreational Fishing;
- those attending the upcoming 2014 NOAA Fisheries Saltwater Recreational Fishing Summit; and
- the millions of anglers who want to know that their voices are heard, concerns are met, and ultimately that conservation of our national marine fisheries and management of recreational fishing is secure.

Thank you for the opportunity to provide a perspective from a member of the Alaskan recreational fishing community. MSA has been successful and I support its reauthorization. Recreational fisheries values need to be given due consideration during the reauthorization process. MSA needs to recognize the unique ability of the recreational fishing community to generate very large economic values and important jobs, so that the full capacity of this value added industry is fully realized. Our hope is that this process will produce a more productive dialog that furthers the cause of marine conservation while providing recreational anglers with access and meaningful opportunity to our national fishery resources.