

Taking our Local Expertise on the Road

One of the more exciting aspects of consulting work is the application of lessons learned in one area of expertise to another in a way that helps decision makers see a new perspective on their own issues. In 2008 and 2009, the Northeast Seafood Coalition (NSC)—a New England fishing vessel owners association—asked Northern Economics to apply the lessons we have learned in 20 years of assessing Alaska fishing management issues to the groundfish fisheries of New England.

The New England groundfish fisheries have struggled over the last decade with very low stock levels compared to historic averages. The spawning biomass of the Atlantic Cod stock in Georges Bank, once a mainstay of New England fisheries, is currently 20 percent or less than estimates from the late 70s and early 80s. Similar declines have been seen for many other important groundfish stocks. The stock declines and resulting reductions in fishing opportunities have pushed many of the 1,300 vessel fleet toward bankruptcy.

In 2008 the New England Fishery Management Council—a fishery management agency similar in scope to Alaska's North Pacific Fishery Management

Council—began to seriously consider a change from their existing regime, which limited the number of days that legally permitted vessels could fish, to a catch share system similar in nature to those used to manage

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Groundfish Vessels in Gloucester Harbor

Introducing Alexis Bond

Northern Economics is pleased to introduce our newest staff member: Analyst Alexis Bond, who joined our Anchorage office this September. She comes to us with a background in shipping and transportation, and experience working in ports on the West coast. Alexis holds a Master's degree in Global Finance, Trade and Economic Integration from the University of Denver, and an undergraduate degree from Tulane University in New Orleans. She first fell in love with Alaska while working in Dutch Harbor last winter and decided to make the state her home. Since moving to Anchorage this summer, she has spent all of her spare time enjoying the great outdoors, hiking and fly fishing whenever possible.



Editor's Note: When Alexis sent me this photo she explained, "I have another where my face is more visible, but this is a much better shot of the fish." Yeah. She's going to fit in just fine around here.



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the huge pollock and flatfish trawl fisheries in the Bering Sea. NSC asked Northern Economics to examine the proposals before the New England Council and to provide insights based on our experience in Alaska on how they would impact local vessel owners.

In the Bering Sea fisheries, the annual catch limit (known in Alaska as the TAC or total allowable catch) is divided between sectors. The sectors, through private contractual arrangements with oversight from the National Marine Fisheries Service (NMFS), further sub-divide their allocations to smaller cooperatives that consist of groups of individual vessel owners. Each cooperative has its own catch share based on the fishing history of the member vessels. The cooperative then determines how to operate so as to optimize the benefits to its members. In some cases, all of the vessels in the cooperative will fish in a predetermined schedule so as to maintain a steady flow of product, without the inefficiencies and grounds crowding that would occur if all of the vessels

were fishing independently of each other. In other cases, the cooperative will pool the catch shares of several vessels onto fewer vessels, making much more efficient year-round operations without the need to operate more vessels than necessary. In this situation, the owners of the idled vessels still earn a share of the revenue because of their contribution of catch history and allocations to the cooperative.

Our report was provided to the New England Fishery Management Council by NSC as part of their public comment on the proposed action at their June 2009 meeting. The Council voted on June 25, 2009 to implement sector-based allocations and the cooperative management approach. We anticipate that in New England the cooperatives that are eventually formed will be

able to operate much more efficiently and profitably than the individual vessels could if they all operated independently. While it is probable that the fishing fleet will consolidate, vessel owners that leave the fishery and idle their vessels will continue to generate revenues on their investments in the fishery. Further, because the

new cooperatives will be strictly limited in terms of the amount of fish they can harvest—a significant change for New England fisheries—the once legendary groundfish stocks off the Georges Bank are much more likely to return to historic levels.



A Typical New England Groundfish Vessel at Anchor in Newburyport, MA



Groundfish Vessels in Gloucester Harbor

Next Issue: **Alaska's Economic Forecast for 2010**

Our January issue will cover the results of our annual economic forecast for the State of Alaska. Northern Economics' President Pat Burden will be preparing his yearly outlook for Alaska's major economic sectors, and we'll give you the highlights here, along with a review of the performance of our 2009 forecast.