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May 25, 2010

Dr. David Pierce
Chairman, Scallop Committee
New England Fishery Management Council
50 Water Street, Mill 2
Newburyport, Massachusetts 01950

Dear David:

I wanted to follow-up on the comments I made during last week's Committee meeting regarding the issue of de-stacking. As you know, I am working with the Scallop Capacity Reduction Coalition to reduce fishing capacity in the fishery by authorizing stacking/leasing in Amendment 15. The Coalition represents approximately 100 full time limited access scallop permits from Maine to New Jersey.

As I mentioned during the meeting, our members want to make sure that the requirements associated with any stacking alternative are not so onerous as to discourage vessel owners from stacking and thereby reducing the number of active vessels. One of the important issues is whether de-stacking will be allowed and if so under what circumstances. As you may recall, the issue of de-stacking was discussed by the full Council when preferred alternatives for A 15 were selected. Several Council members opposed making de-stacking a preferred alternative because such a measure could allow for an increase in fishing capacity in the future.

Our Coalition agrees that unfettered de-stacking could lead to an increase in the number of active vessels at some point in the future and does not support this approach. Rather we support de-stacking but with the requirement that the de-stacked permit may only be assigned to another limited access active scallop vessel (or its replacement) or moved to CPH for leasing purposes. Obviously A15 will need to authorize leasing from permits in CPH status. These two conditions would ensure that fishing capacity is not increased through de-stacking while maintaining enough flexibility so as not to discourage vessel owners from stacking.

Unfortunately, the public hearing document for A15 appears to limit the public's choice to support or oppose de-stacking. We believe this is simply an oversight due to the large number of issues associated with A15. While I have had e-mail exchanges and telephone calls with Council staff, the Coalition did not submit a written request for clarification of the de-stacking issue. Consequently, we ask that the public hearing document be changed to reflect more accurately the views of those supporting stacking.

For vessel owners, stacking limited access scallop permits will be a very difficult and serious issue. An informal survey of our Member indicates a reduction in the number of vessels through stacking of no more than twenty percent over the next two to three years. Obviously, since all the

costs associated with stacking (mortality adjustments and power adjustments) are not yet finalized it is difficult to estimate. A prohibition on de-stacking will obviously create another disincentive to stacking permits and reducing active fishing capacity.

Please feel free to contact me if I can provide any information or assistance to the Committee and we look forward to working with you to finalize A 15.

Sincerely,

Jeffrey R. Pike