



United States Surimi Commission
Organized under the 1982 Export Trading Company Act

February 13, 2009

Mr. Robert D. Mecum
Acting Administrator, Alaska Region
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

Sent via email to:
salmonbycatcheis@noaa.gov

Re: Comments on Draft Environmental Impact Statement
prepared for Chinook Salmon Bycatch Limits in the Bering
Sea Pollock Fishery

Dear Mr. Mecum:

I am writing on behalf of the United States Surimi Commission (the "USSC" or the "Commission") to comment on the above-referenced Draft Environmental Impact Statement (the "DEIS"), and the Chinook salmon bycatch measures that are analyzed in the document. **As will be explained more fully below, the USSC is not opposed to reasonable measures designed to reduce the amount of Chinook salmon taken as bycatch in the Bering Sea pollock fishery. We are, however, opposed to any of the proposed management options that would impose unrealistic or impracticable bycatch caps that could result in a closure of the fishery part way through the fishing year. We are also concerned about the failure of the document to fully assess the implications that such premature closures might have on our member companies and on our ongoing efforts to supply surimi, roe and other pollock-based products to export markets in Asia and Europe.**

BACKGROUND

By way of introduction, the USSC is an export trading company that was formed in May of 1990 by a group of United States at-sea fishing/processing companies in an effort to develop and expand export markets for the surimi and certain other pollock-based products (e.g., roe and fishmeal) that American at-sea processing companies had begun to produce from the Bering Sea pollock fishery. As I'm sure you know, surimi is a raw material that is used in the production of hundreds, if not thousands, of seafood-based analog products, such as those containing imitation crab and shrimp. The primary export markets for US produced surimi are in Asia and Europe.

At the time of the USSC's formation, the need for an export trading company was prompted by the fact that the largest potential export market for US-produced surimi, the Japanese market, was to a large extent dominated and controlled by several large Japanese fishing and trading companies. Access to the Japanese market was significantly limited by import restrictions, quotas and a tightly controlled distribution system that made it difficult for foreign producers such as US fishing/processing companies to sell pollock-based products into that market.

THE EXPORT MARKETS

Since its formation in 1990, the USSC has been actively involved in efforts to develop export markets for at-sea produced surimi and other pollock-based products. Among other activities, the USSC has engaged in a number of programs designed to develop quality standards and grading specifications for US produced surimi; sponsored regular trade delegations to meet with potential buyers in Japan; hired a trade-facilitation firm with offices in Tokyo; hosted numerous delegations of Japanese surimi buyers/users here in the United States; become a regular participant in the seafood shows and other expositions that are held annually in Japan; sponsored an ongoing advertising campaign in the Japanese trade press; and worked with representatives of the National Marine Fisheries Service's Trade office and the US Trade Representative (USTR) in Washington to seek better and more equitable access for US produced surimi and other pollock products to the Japanese market place. I am pleased to report that, as a result of these efforts, USSC members now export close to \$300 million dollars worth of at-sea produced surimi, roe and meal to Japan each year.

In addition to its efforts in Japan, the USSC has initiated a number of projects designed to diversify its members' export opportunities in other Asian countries and in Europe. In those countries, too, our efforts have been successful to a significant extent. Today, the surimi and other pollock-based products produced by at-sea processing companies have become the products of choice in a number of Asian and European markets—a fact recognized in the DEIS (see discussion at pp. 502-509 of the document). As a result, and aided by certification of the Alaska pollock fishery as a “sustainable fishery” by the Marine Stewardship Council (MSC), USSC and other US-based companies now export close to \$1 billion per year of Bering Sea pollock products to various countries around the world. We cannot, however, be complacent about that success as competing products produced by aquaculture and other whitefish producers are becoming more and more competitive from a price and quality standpoint in the world whitefish market.

Throughout this time, the most successful and persuasive selling point in the USSC's efforts to develop export markets for its members' products has been the fact that pollock from the Bering Sea is produced from a sustainable, well-managed fishery—a fishery that can be relied upon as a stable and predictable source of supply. That theme served us well when the Russian pollock fishery collapsed from overfishing in the early part of this decade, and as other whitefish fisheries around the world have come and gone over the years. But the Russian pollock fishery in the Sea of Okhotsk has recovered and the Russian fishery is now seeking certification from the MSC as well (even though it is

unlikely that the Russian management authorities would ever impose a constraining salmon bycatch cap on the Russian pollock fishery). Also of concern are the inroads that lower cost aquaculture products made from tilapia and pangasius have begun to make into the USSC's hard-won export markets.

DEPENDABILITY OF SUPPLY AS A MARKETING CONCERN

As noted above, we are particularly concerned about some of the more onerous caps that are evaluated in the DEIS—caps that would threaten to shut down some or all of the Bering Sea pollock fishery in unpredictable ways and at unpredictable times once the Chinook salmon bycatch measures are implemented in 2011. Such caps (e.g., the ones lower than 68,392) would introduce a risk factor into our ability to fill contracts that will cause the larger surimi buyers/users around the world to seek alternative sources of supply that are more reliable and predictable. The loss of our competitive edge may be permanent in the face of competing products and fisheries—especially when fisheries and/or aquaculture projects that are not subject to such risk factors (e.g., the newly re-emergent Russian pollock fishery) are able to commit to long term output or production contracts in the world whitefish market.

Unfortunately, the DEIS does not consider or evaluate the market implications of such premature closures or the effects that such closures would have on the US balance of payments in seafood products. Nor does it consider the effect that such closures would have on the continuing viability of USSC members as reliable suppliers to the world market for seafood. **Indeed, the document is void of any such considerations—even though food production and seafood exports were principal objectives of Congress when the Magnuson Act was passed in 1976, and when the “maintenance of optimum yield on a continuing basis” requirement of National Standard #1 was first implemented.** Absent such considerations, the DEIS is, in our view, inadequate to support any of the options that would impose unrealistic or otherwise impracticable restrictions on the Bering Sea pollock fishery.

Thank you for your consideration of these comments. If you have any questions concerning them, please do not hesitate to give me a call. During business hours, I can be reached at 206-547-6557.

Sincerely,



Doug Christensen, President
United States Surimi Commission