Remarks of Jon Mitchell  
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New England Fisheries Management Council  
Gloucester, Massachusetts  
September 27, 2022  
[remarks as prepared]

Thank you, Chairman Reid, and congratulations on your re-election. I appreciate the opportunity to offer comments on a proposal to develop a leasing program for limited access scallop permits. This is at least the third time in the last decade that the largest ownership interests in the scallop industry have urged the Council to undo the bedrock one-boat-one-permit rule to reduce costs and increase profits. I oppose the proposal because it will inevitably lead to consolidation in the industry, and thereby reduce the industry’s workforce and lower demand for shore side services.

Although this meeting is being held in America’s oldest fishing port, the primary issues center around New Bedford, America’s leading fishing port. The Port of New Bedford supports roughly 7,000 jobs and nearly 500 active fishing vessels, and boasts the largest seafood processing base in the United States. Much of the port’s success of course is attributable to the scallop industry, which accounts for more than 80% of the port’s ex-vessel landings.

The scallop industry is generally considered to be the most profitable in the United States. Through years of sustainable management of the resource, and growing demand for scallops, the industry has enabled the success of numerous small businesses and created well-paying jobs for fishermen. No where else is this more true than in New Bedford, which accounts for 57% of the Atlantic Sea Scallop landings. This New Bedford is the full-service port that it is today—with a robust array of warehouses, ice houses, shipyards, engineering firms, workboats, pilots, mechanics, brokerages, insurers, distributors, and others—because of a policy-making process that has worked for the good of all, rather than the advantage of some.

The central question before the Council today is then: "Do we need to change something that is already working?" The burden of an affirmative answer rests with proponents, and yet there are multiple, obvious weaknesses to their argument:

- Evidence of a reduction in the carbon footprint is lacking;
- There is a failure to mention reduced crew share of catch by passing on the cost of leasing to the crew (similar to what has happened in some portion of the groundfish sector);
- Not addressed is the potential shifting of efforts to other species by vessels that own multiple permits. A vessel could lease the scallop permit but increase
effort on other species such as squid, groundfish;

- Not addressed is the consolidation of ownership of quota that will result in excess market power and market control;
- Not addressed is the likelihood of reduced employment in the industry due to vertical integration and reduction in number of vessels.

Given the many evidentiary gaps, the Port of New Bedford itself commissioned the attached independent study/survey titled "Perspectives on Leasing and Stacking Proposal" conducted by Daniel Georgianna, PhD, Chancellor Professor Emeritus at the School for Marine Science and Technology at UMASS Dartmouth. Although the result of the survey suggests that a "leasing" program within the scallop fleet would give multi-vessel owners more flexibility to use their vessels efficiently, many other issues were also found to arise that could negatively affect the scallop fishery.

Of particular importance, the survey concludes that effective control over the fishery by a smaller number of larger-scale vessels owners would arise as permits and revenues became concentrated among the larger fleet owners. The result would be undue influence over the fishery and its infrastructure.

Furthermore, these larger fleet owners, by exercising their buying power, could obstruct smaller fleet owners from critical shoreside services. Single vessels owners not associated with a larger vertically integrated scallop fishery and processing could also suffer lower ex-vessel prices. Crew income could similarly suffer as larger fleet owners gained increased bargaining power over crew and shoreside suppliers, and this could lead to a wage-based system.

It is safe to say that, at the very least, that there will be a loss of trust and cooperation within the fishing community. Indeed, we have seen evidence of that emerging discord and division during the scoping sessions that have already taken place. To my mind, opponents have been vociferously critical because they have astutely recognized the fundamental inequity that lies at the heart of the proposal: There is no denying that there will be costs and impacts associated with the leasing program. But those costs will fall disproportionately onto individual boat owners who do not consolidate. The playing field will be tilted on day one, perhaps irrevocably so, and the transformation of the scallop fishery from a "community fishery" to a "corporate fishery" may become all but inevitable.

I am deeply concerned by this potential outcome, and I would argue that the Council should be as well. For one, an outcome that has the effect of corporatizing the scallop fishery runs counter to years of Congressional oversight and guidance. By way of example, I would ask the Council members to consider the remarks of then Maine Senator Olympia Snowe in 2003 before the Senate Subcommittee on Oceans, Fisheries and Coast Guard. Senator Snow spoke to the importance of National Standard 8 when implementing the Magnuson-Stevens Act:

"Second and critically, National Standard 8 states that managers shall take into account the importance of fishery resources to fishing communities in order to provide for the sustained participation of such communities and, to the extent practicable, minimize adverse economic impacts on such communities. Again, in Amendment 13 the agency has offered little more than a minimal cursory assessment of how stock size relates to landings and
This is far from what Congress intended. To the contrary, we directed fishery managers to recognize that their actions impact the livelihoods of an untold number of fishermen. We intended for managers to fully identify and analyze the effects of regulations on the social fabric of communities and then to factor that information into their management approach, so that fishing-dependent businesses in small coastal communities would not be unnecessarily harmed by Federal fisheries management.

Although Senator Snowe offered her concerns regarding NMFS handling of the issue of stock assessments, I would argue that her sentiments are as valid today as then, and the Council would be well served by applying them to the matter at issue today.

As the center of the American scallop fishery, New Bedford has, without a doubt, more at stake in this matter than any other port. The Council's decision will reverberate across the waterfront and into the homes and businesses of our residents, impacting tens of thousands of lives in ways large and small. I trust then that Council will fairly consider all comments and views regarding this important topic and reach a reasonable conclusion that is received with broad consensus. Indeed, achieving consensus is the only sustainable path forward. In the absence of broad consensus, the Council risks not only a harmful division among fishing interests but puts in jeopardy its own role as a fact-based, arbiter that acts to advance the broad public good.

I am hopeful that the Council will decline to proceed with the proposal before it, based on the vigorous opposition presented by New Bedford stakeholders and the Council's own record of incorporating stakeholder feedback into its deliberations. Thank you for this opportunity to share my thoughts with the Council.

Thank you again for the opportunity to speak to you today.