

**Washington, DC--**U.S. Rep. Peter DeFazio (D-OR) today asked Commerce Secretary Locke to examine his administrative authorities to provide relief to fishermen participating in the West Coast Groundfish Fishery Capacity Reduction (buyback) Program. DeFazio was joined by several of his colleagues in the House who represent fishing interests in California, Oregon, and Washington: Reps. Norm Dicks (D-WA), Mike Thompson (D-CA), Sam Farr (D-CA), Lois Capps (D-CA), David Wu (D-OR), Doris Matsui (D-CA) and Kurt Schrader (D-OR).

“The program was intended to salvage the groundfish industry but, the terms of the loan are not realistic in this economy. Fishermen have been faithfully making payments for 6 years but, they still owe as much now as they did 6 years ago. I am asking Secretary Locke to review the buyback program to determine his options to renegotiate the terms of the loans under the buyback program. Without some relief, I am concerned about the ability of fishermen to meet their obligations,” DeFazio said.

The buyback program, which was designed to respond to overfishing of West Coast ground fish, was authorized by Congress in 2003. The program allowed the government to buy out over 90 fishing vessels and permits in order to reduce the levels of ground fish being harvested. Of the \$45,662,471 authorized for the program, \$10 million was appropriated by Congress. The remaining \$35,662,471 was financed by 30-year federal loans to be repaid by fishermen remaining in the industry at an interest rate of 6.97 percent.

More than 1,000 fishermen on the West Coast operating hundreds of vessels are making payments on the loans in the form of a 5 percent tax on their landings. However, 6 years into the program, fishermen have not yet been able to pay down the principal on the loans because of the large amount of interest that accrued during the program implementation period. Given the bad economy and recent disruptions to the West Coast groundfish fishery, DeFazio and his colleagues have serious concerns that participants of the buyback program will not be able to pay back the principal of the loans in the foreseeable future, let alone with in the remaining 25 years. The letter urges Secretary Locke to examine options for altering the loans so that fishermen might more realistically be able to meet their obligations.

The letter is below:

The Honorable Gary Locke

Secretary

U.S. Department of Commerce

Room 5421

Fourteenth Street and Constitution Avenue, NW

Washington, DC 20230

Dear Secretary Locke:

We are writing to request that you review your authorities to determine what relief may be available for participants of the West Coast Groundfish Fishery Capacity Reduction (buyback) Program.

As you know, the buyback program was authorized February 20, 2003, by Public Law 108-7. The National Marine Fisheries Service (NMFS) implemented the program through a series of Federal Register notices in 2003, which culminated in the disbursement of \$45,662,471 to the 91 accepted bidders.

Of the \$45,662,471, \$10 million was appropriated by Congress. The remaining cost of the program was covered by 30-year federal loans with a principal totaling \$35,662,471. The interest rate for these loans was set at 6.97 percent.

After the buyback program was authorized by Congress, NMFS developed and implemented rules and regulations for the program. This process began in March, 2004 and was not completed until September, 2005. During this 18-month period, interest accrued on the loans but fishermen were not allowed to begin paying back the loans.

The accrued interest from March, 2004 to September, 2005 has been a significant financial obstacle for West Coast groundfish fishermen. To date, participants of the West Coast Groundfish buyback program have paid \$8,777,677 in interest to the Treasury. Four years after the program began, the outstanding principal of the federal loans remains at \$35,662,471.

Given the recent disruptions to the West Coast groundfish fishery, we have serious concerns that participants of the buyback program will not be able to pay back the \$35,662,471 principal of the loans in the foreseeable future, let alone in the remaining 25 years.

Without some sort of relief, the principal of the loans may never be paid back. More importantly, the West Coast groundfish fleet – and the families and communities they sustain – will be in serious peril.

The West Coast buyback program was developed with the intention of reducing fishing capacity in order to ensure the continuation of the groundfish fishery. The high interest rates, depressed economy, and instability of the fishery place the success of this program in jeopardy.

We respectfully request that you review the administrative regulations, rules, and authorities available to the Department of Commerce to provide much needed relief to participants of the West Coast buyback program. Specifically, we request that you consider the following questions:

1. Do you have the authority to renegotiate the terms of the loans?
2. Do you have the authority to forgive the interest accrued between March, 2004 and September, 2005, when participants of the buyback program were not able to begin paying back the loans?

3. Do you have the authority to put a freeze on interest payments when the fishing season is closed or limited?

Thanks for your attention to this matter. We look forward to your response.

Sincerely,

Peter DeFazio

Norm Dicks

Mike Thompson

Member of Congress

Member of Congress

Member of Congress

Kurt Schrader

David Wu

Sam Farr

Member of Congress

Member of Congress

Member of Congress

Doris Matsui

Lois Capps

Member of Congress

Member of Congress

