

## FOR DECISION AND ACTION

November 13, 2008

Attn Dan Cody

To the Minister;

**Subject:**

**Higher than reported impacts of the proposed agreement in the Canada U.S. Negotiations on the Chinook Annex of the Pacific Salmon Treaty.**

**Issue:**

The Pacific Region of the Department of Fisheries and Oceans is recommending the Minister sign off on a ten year proposal to further reduce the Canadian share of the allowable catch of Chinook. This proposal alters the historical equity principle of equal catch to a nations production by recommending Canada accept cash(\$30 million) in exchange for more access to the Canadian harvest share. Concerns are that the impacts of the proposal have not been fully examined and that the costs to Canada will be significantly higher than being reported by the negotiating team.

**Background:**

In 1998, the Pacific Salmon Treaty was ratified with a new scientific based abundance model that reduced the potential annual catch to both nations. This agreement has already resulted in a 50% reduction from the previous model.

The Canadian position in this round of negotiations was that the latest model was working effectively and that there was no need for significant change to the international agreement. In keeping with the principle of sovereign equity, both countries take further domestic action as needed above and beyond the agreement to address specific stock problems.

The southern U.S. wanted more reductions in Canadian harvest. Presently, they are being forced legally by the Endangered Species Act to take significant domestic action, in particular on the heavily dammed Columbia River salmon stocks. This action already costs them over \$800 million in fisheries mitigation programs per annum to maintain hydro production. More access to Canada's share of the fish would reduce pressure on them to take further domestic action such as increasing water flows (reducing hydro production), further limiting U.S. terminal fisheries and investing in habitat restoration.

This latest proposal alters the principles of the Treaty by offering Canada cash in exchange for access to our fish resources share as calculated by production. By providing the U.S. a trade of cash for access to our share of the resource we give up the value of the product and the jobs and markets associated with the harvest.

The concern is that the negotiating team has not fully analyzed the cost and impacts to Canada and that the losses will be much more significant than the cash being offered.

Chinook are harvested in the West Coast Vancouver Island region by four main user groups: A small First Nation share, a recreational fishery, an expanding commercial sport charter fishery and the traditional licensed commercial fishery. The negotiating team has indicated the catch reduction would only come out of the licensed commercial fleet. To date the commercial troll fleet Area G has been refused access to the vacant seat on the advisory and are being excluded from the process, while other vested interest groups have been awarded direct access to the process. These groups are in a conflict of interest in recommending they be exempt from the burden of this proposal. The proposal being developed by the negotiating team is for a permanent buyout of licenses.

Furthermore the proposed agreement neglects to address some significant issues including, but not limited to:

- No end date for re-establishing historical equitable access, the agreement is worded that we would maintain the cut unless all parties agree- there is no incentive for the US to agree to re-establishing our equitable share and no further compensation mentioned if the cut were to continue beyond the agreement, regardless of abundances.
- No analysis of the impact on loss of capacity and infrastructure to Canada
- No investment in restoration of critical habitat to allow for increase in reproduction
- No increased restriction on southern U.S. harvests of fish passed through from Canada being allowed to reach reproduction.

### **Considerations:**

To date, as the group most directly affected and facing expropriation, we have had commitments from government that a full socio-economic analysis would be done prior to further discussion. This has not been done. We have requested a mutually agreed upon independent overseer be appointed to move the process forward as was done by the Department in addressing the Marshall decision on the East Coast of Canada. This has not been done.

Our preliminary findings have looked at the pros and cons for our constituents and for Canada and demonstrate that:

- The value of the fish resource being proposed for re-allocation to the U.S. far exceeds the amount of cash being offered by the U.S.
- The involuntary loss of access to our resources will have a significantly negative impact on the directly affected license- holders, their job security, investments and assets, on buyers, marketing and on the regions infrastructure and capacity to maintain other fisheries and far exceeds the amount of cash being offered by the U.S.
- The mitigation that the U.S. has already committed to their own communities and fishermen has exceeded \$160 million dollars for one year of loss of fish

- access and far exceeds what they're offering in Canada for an undefined open ended time period.
- The proposed reductions to Alaska are far less significant than those being proposed to Canada, and benefit the Alaska harvest reduction extend to the southern U.S. There is more pain to Canada, more gain to the U.S.
  - Although habitat is identified as a main problem to Chinook, there is nothing to restore the critical habitat that presently cannot handle additional fish.
  - That the negotiating team has failed to recognize the true impacts of the proposal and that the proposal, as it stands, is not an investment in the future but the gutting of the Canadian commercial troll fishery for short term gain to the U.S. at a bargain basement price.

**Recommendations:**

AS the preliminary evaluation demonstrates the benefits to the U.S. far outweigh the benefits to Canada and the existing treaty already addresses conservation concerns on the international level, and only provides additional fish passed through Canada to be used to provide southern US fisheries or hydro production and not a long-term rebuilding investment in the future: the proposal fails to demonstrate its validity.

We are asking the Minister not sign off on the proposal until there has been:

- A full socio-economic analysis by an independent mutually acceptable respected overseer,
- Full discussion on the precedent of selling Canadian natural resources and jobs to a foreign nation and if this is acceptable and at what price.

If Canada decides to sign off on the proposal, that there be:

- Full fair compensation for the expropriation of access to directly affect stakeholders that will not be met with the amount of capital offered by the US.
- That the remaining West Coast Vancouver Island Troll fishery will be assisted in ensuring the mitigation fairly compensates those forced to leave that the remaining fishery be sustainable and viable.
- An advisory body of directly affected stakeholders is funded to develop alternative options to the 'buyout' strategy being proposed to ensure that the remaining fishers and industry can be sustainable and viable and that Canada has the capacity and infrastructure to be in position to harvest its future share of abundances.

Signed:

Attached: (Pacific Salmon Treaty- Lipsett report, value of product table, McNicols table of benefit per nation, habitat statement ESA, Bonneville budget)