

MEMORANDUM

TO: Council, SSC, and AP Members

FROM: Chris Oliver 
Acting Executive Director

ESTIMATED TIME 3 HOURS

DATE: April 4, 2001

SUBJECT: American Fisheries Act (AFA)

ACTION REQUIRED

- (a) Initial review of a proposed amendment to allow pollock allocated by NMFS to one inshore cooperative to be harvested by inshore catcher vessels that are members of another inshore cooperative, with the approval of the cooperative initially assigned the pollock allocation by NMFS.
- (b) Review salmon bycatch interco-op agreement.

BACKGROUND

Co-op Leasing Proposal

The proposed amendment would allow members of cooperatives in the inshore BS/AI pollock fishery to harvest pollock assigned by NMFS to a cooperative to which they are not a member, with the permission of the cooperative that was initially assigned the quota. This is currently not allowed under the status quo. Status quo regulations were derived from Section 210(b)(1)(B) of the AFA which states that:

"... except as provided in paragraph (6), that such catcher vessels will deliver pollock in the directed pollock fishery only to such shoreside processor during the year in which the fishery cooperative will be in effect and that such shoreside processor has agreed to process such pollock, the Secretary shall allow only such catcher vessels (and catcher vessels whose owners voluntarily participate pursuant to paragraph (2)) to harvest the aggregate percentage of the directed fishing allowance under section 206(b)(1) in the year in which the fishery cooperative will be in effect that is equivalent to the aggregate total amount of pollock harvested by such catcher vessels...and shall prevent such catcher vessels (and catcher vessels whose owners voluntarily participate pursuant to paragraph (2)) from harvesting in aggregate in excess of such percentage of such directed fishing allowance."

Since that section of the AFA allows only members of an inshore cooperative to harvest any portion of that cooperative's pollock allocation, an amendment to the FMP is required. The authority to make the proposed change was granted to the Council under Section 213(c) of the AFA, which states that:

"Changes to fishing cooperatives limitations and pollock CDQ allocations: The North Pacific Council may recommend and the Secretary may approve conservation and management measures in accordance with the Magnuson-Stevens Act -

(1) that supersede the provisions of this title, except for Sections 206 and 208 for conservation or to mitigate adverse effects in fisheries or on owners of fewer than three vessels in the directed pollock fishery provided such measures take into account all factors affecting the fisheries and

are imposed fairly and equitably to the extent practicable among and within the sectors in the directed pollock fishery.”

The proposed action would not supersede the provisions of the AFA included under Sections 206 or 208. Therefore, with proper justification, the Council may recommend the proposed change to the Secretary of Commerce (SOC).

The Council is scheduled to review the analysis at this meeting. If the analysis is deemed to be adequate for release for public review, the Council will then be in a position to make a final decision on this issue in June. Should the Council approve the proposed amendment in June the document would then be forwarded on to the SOC.

Salmon Bycatch Interco-op Agreement

At the February meeting we received an initial report from Joe Sullivan and Brent Paine regarding efforts to develop a salmon bycatch interco-op agreement to manage and minimize salmon and herring bycatch. They committed to providing a final draft to the Council at this meeting.

MIDWATER TRAWLERS COOPERATIVE

P. O. BOX 2352 * NEWPORT, OREGON 97365

Captain R. Barry Fisher, President

Phone: (541) 265-9317 Fax: (541) 265-4557



MTC

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N.P.F.M.C

April 2, 2001

David Benton, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, Alaska 99501

VIA FAX: (907) 271-2817

RE: Agenda Item C-4(a) American Fisheries Act - Coop Leasing Proposal: Initial Review

Dear Chairman Benton and Council Members:

Midwater Trawlers Cooperative (MTC) strongly supports the draft document prepared by staff for proposed Amendment 69 to the fishery management plan for BSAI groundfish. This proposal would allow an inshore pollock cooperative to contract with non-member AFA inshore catcher vessels (that are members of another inshore cooperative) to harvest pollock to which the cooperative is entitled.

This proposed amendment is of particular importance to small catcher boats of the class which MTC represents because it will help reduce some of the negative economic impacts on small AFA catcher vessels as a result of current and anticipated management measures to protect the Stellar sea lion. Larger vessels will also benefit by this proposal as a result of having additional flexibility in the event of a major breakdown or catastrophic loss and will also benefit as a result of having the opportunity to harvest quota which wouldn't otherwise be available.

The draft document prepared by Council staff projects that the proposal will have increased net economic benefits to the nation and finds that there should be no negative impacts on processors because each processor is still assured of being able to process the coop's fish. Additionally, catcher vessels may not use this flexibility to affect a change in coop status.

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David Benton, Chairman
NPFMC
April 2, 2001

The proposal originally presented by Industry included a provision that required the processor's approval before a cooperative could contract with a non-coop vessel to harvest fish for the processor. For the reason that this proposal, in effect, would create a business relationship between another catcher vessel and the processor, we do not object to requiring the processor's approval before a coop may contract with an outside vessel to deliver fish to its processor.

In conclusion, we do not believe that there are any legitimate substantive adverse consequences as a result of this proposal and believe it should be sent out for public review as soon as possible so that the regulation can become effective for the beginning of the 2002 fisheries.

Thank you.

Sincerely,

MIDWATER TRAWLERS COOPERATIVE



Fred A. Yeck
Vice President

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N.P.F.M.C

April 2, 2001

David Benton
Juneau, Ak**Comments Regarding American Fisheries Act:
Council Members,**

My name is Gregory Elwood and I am a independent commercial fisherman. I have fished Pacific Cod, Halibut, Black cod, Salmon & Herring for about 30 years. My partner Buck Laukitis and I presently own and operate 58ft F/V Kristen.

I wish to comment on the concept of IFQ's, ITQ's or any other type of fish property control for processors. This is a **VERY BAD IDEA!**

Processors say they need to know that their long-term capital investments will remain viable. I say what ever happened to the novel idea of free enterprise. Goods and services, that are free to move to the most efficient markets inevitably spur productivity, encourage pipeline grow-out distribution, and ultimately enhance demand through innovative marketing.

Processors are forever crying foul at the Black cod, Halibut, IFQ program. They say that **their fisherman** has taken product to different markets and they have lost their dominant control.

Thank goodness for loss of control. Through loss of control by large monolithic corporations, we as harvesters have witnessed no less than a revolution in product demand. This demand has resulted in quality enhancement, fresh market opportunities and an ever-expanding pipeline distribution system that places consumers as the ultimate winners. The resulting market changes are a text book model of free enterprise.

Many small and intermediate size processors have seized market opportunities. Through their entrepreneurial efforts Halibut and Black-cod have enjoyed economic stability and continued market expansion unprecedented in the North Pacific seafood industries history.

Independent Harvesters have a unique roll as stewards of the environment. We understand fully that our future is directly related to the health and viability of the marine environment. All of these enhancements made possible by a management system that allows products to move in an unrestricted manner.

We only need to look around the world to see the catastrophic results of large corporate fishing on the marine environment. Large Corporations use their considerable monetary resources for aggressive lobbying and influence peddling, which makes rational consideration of marine harvesting impossible. The **bottom line** ends up being the driving force for regulations with dire consequences for marine resources.

Most businesses are in an ever-changing sea state. What argument can possibly be made, that processors should have production guarantees and or ownership of resources. Sounds like a perfect formula for anti-trust considerations.

The idea of processor co-ops has already been demonstrated in other countries to be a broken model of lop-sided control. This kind of ultimate control results in a strangle

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like hold over markets that put independent fisherman at an extreme disadvantage when forced to sell in what amounts to an indentured servitude environment.

The attached article was distributed by the Associated Press, April 3, 2001 and is a focused example of the problems associated with excessive processor vertical integration {American Fisheries Act}. I urge the council members to dump this very broken idea.

Gregory Elwood, 918 Colby Ave., Everett, WA. 98201, ph. 425 259 2731
Buck Laukitis, PO Box 272, Homer, AK. 99603, ph. 907 235 1091
Owners /operators F/V Kristen

Strike by fishermen threatens damage to Icelandic economy

6,000 fishermen strike, demand higher wages, insurance coverage and ITQ fishery changes

By Associated Press

April 3 - WorldCatch News Network - Thousands of fishermen went on strike Monday, threatening to cripple the industry which accounts for more than two-thirds of the nation's exports.

"The main effects of the dispute will be felt in the fish processing plants but contracts with foreign business will also be affected," said Fisheries Minister Arni Mathiesen. "The strike will be extremely destructive and the costs involved will be major."

The government had gone to court in March to force a postponement of the strike by some 6,000 members of the Icelandic Seamen's Association.

The fishermen are demanding a minimum wage, higher salaries, better pension rights and insurance cover, and changes in the national quota system.

The Federation of Icelandic Fishing Vessel Owners, the target of the strike, oppose changes in the quota system, higher salaries and a minimum wage, but want agreement to reduce manpower on fishing vessels.

Unlike many comparable industries in Europe, Iceland's fishing industry is 80 percent controlled by the vessel owners. Under the quota system, vessel owners are able to switch catches between boats which, say the fishing unions, allows them to control the price of fish and salaries.

"The vessel owners also control the fish processing plants in Iceland," said Holmgeir Jonsson, general secretary of the Icelandic Seamen's Federation. "And this means that they are able to control prices in direct sales to the

plants, which has a knock-on effect on salaries."

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Jonsson said the government ``doesn't understand the system or doesn't really want to as the vessel owners hold such power over the politicians."

``I'm afraid the strike will probably continue for some time," Jonsson added.
``People will lose their jobs and contracts will be jeopardized but unfortunately we have no other way to put our point of view across."

The strike was due to begin on March 15 but the Icelandic government won a court order to postpone a walkout on the grounds that it would damage the national economy. It claimed that a strike in March would cost the fishing industry 1.5 billion Icelandic kronur (dfls 165 million) at the height of the capelin season.

Capelin is a small fish from the salmon family, used both as a food and as raw material for fish meal and fish oil.

The legal action had the effect of hardening the attitude of the seamen's unions.

``Some of my members feel very betrayed by the government as they understood that the government would not intervene," says Jonsson.

``It is very significant, we feel, that when there was a teachers' strike earlier this year at no stage did the government intervene. And yet as soon as the interests of the powerful fishing vessel owners are threatened, the government immediately steps in."

Fridrik Arngrimsson, chief executive of Federation of Icelandic Fishing Vessel Owners, says the fishermen need to give ground on some issues.

If new vessels are launched which require fewer crewmen, the current salary share system means that there will be higher wages, but for fewer men.

``Compared to other countries, Icelandic vessel owners are paying above average salaries," says Arngrimsson. ``If you look at Norway or the U.K., for instance, we are paying much higher salaries."

The quota system, Arngrimsson added, ``is the main reason why we are able to pay high salaries to Icelandic fishermen."

On the Net:

Federation of Icelandic Fishing Vessel Owners