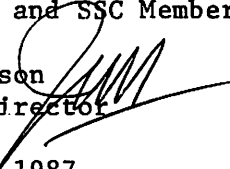


MEMORANDUM

TO: Council, AP and SSC Members

FROM: Jim H. Branson  
Executive Director 

DATE: January 15, 1987

SUBJECT: DAP Priority Access

ACTION REQUIRED

Act on amendment proposal in Agenda item D-2.

BACKGROUND

As directed by the Council at the December meeting the DAP Priority Workgroup met to review the proposal for a 100-mile closure around Unalaska and to develop alternatives, if possible, that would enhance the DAP priority for U.S. processors, particularly shorebased plants.

The Workgroup was unable to develop an alternate proposal. Most of the members felt that the situation did not require a regulatory fix. A full report of the meeting is attached as Agenda item C-4(a).

DAP PRIORITY WORKGROUP MEETING  
January 13, 1987

The DAP Priority Workgroup met at 9:00 a.m. January 13 at the Northwest & Alaska Fisheries Center to discuss how DAP priority to the resource should be accomplished, particularly how shore plants can be competitive for the catcher boats needed for their operations.

The workgroup was chaired by Robert Mace and all members of the workgroup were present. They were: Don Bevan, Paul Fuhs, Bart Eaton, Wally Pereyra, Hugh Reilly, Annie Burnham, Ted Evans, and Harold Jones. There were also sixteen people in the audience at the beginning of the meeting; several others came for a short time during the meeting. They included: John Peterson, Bob Ayers, Paul MacGregor, Thorn Smith, John VanDameron, Al Burch, Barry Collier, Steve Johnson, Tom Casey, and Bert Larkin. NOAA Regional Attorney Eileen Cooney was also present. Council Executive Director Jim Branson kept the minutes.

While the workgroup had been triggered by the proposal submitted by Mayor Paul Fuhs of Unalaska to close an area within 100 miles of Unalaska to all but DAP fishing, the workgroup had been encouraged by the Council to consider everything they could think of to encourage deliveries of groundfish, particularly pollock, to shore plants in the Bering Sea.

The session started with a five-minute summary from each of the workgroup members on their views and impressions of the problem and its possible solutions. Paul Fuhs pointed out that their original proposal applied not just to shore plants but to all domestic processing, including catcher processors and floaters, that area closures had been favored by the Council in the past, and stated that he wanted the original proposal as submitted by he and the City of Akutan, i.e., for a 100-mile closure to all but DAP fishing to be considered in its original form by the Council. He did not want to see it eliminated by the workgroup. He pointed out the added value of DAP processing to the communities involved and that Unalaska and Akutan particularly were dependent on the fishing industry.

Ted Evans noted that the U.S. processing industry had lagged the U.S. harvesting industry in the development of the groundfish fishery and that the Act has not given them the same opportunities as the harvesters. He pointed out that the factory trawlers, who he represented, had had problems getting fishermen in the beginning and they had built their own trawlers. They were interested in exploring the full range of possibilities for DAP priority but were particularly sensitive to area closures in general.

Annie Burnham of Alaska Joint Venture Trawlers believed that the problem was one of economics and that a closure as proposed would eventually separate floaters from the shoreside processors. She noted that the proposed closure would push joint venture boats well away from Dutch Harbor and that they might not use it as a staging area if that were the case, that the joint venture fishery was now very good for the Dutch Harbor area, and that the answer to shore plant supply problems may be through the use of tenders.

Wally Pereyra, who is both a joint venture and a DAP processor, being a stockholder in two joint venture trawlers as well as the Arctic Storm, a new floating processor with a capitalization of \$20 to \$25 million, noted that whatever is done must be done within the letter of the law and that we could be forcing U.S. fishermen into contracts that they would not otherwise get into with regulations of the kind proposed. He noted that shore plant contracts with fishing vessels are not now economically acceptable for several reasons and that tendering fish in from the grounds may be the answer.

Don Bevan noted that all of the workgroup were in agreement that DAP had priority and suggested that allocations to joint ventures in return for some shoreside deliveries might be an avenue to consider.

Hugh Reilly of Westward Trawlers, primarily a joint venture organization, opposed the closure noting that shore plants can build or buy boats of their own and that the Act allows fishermen to choose their own markets. He believes that joint ventures will phase out naturally and noted that no fishing vessel could survive on a full time basis on the prices offered by the shore processors in Unalaska last year. That in any case only about 15% of the existing joint venture trawl fleet can safely deliver fish shoreside, the rest

being generally incapable of taking large quantities aboard safely. He believed there would be increasing incentives, however, to deliver ashore as joint venture seasons shortened, making 12-month DAP fisheries more attractive. He also said that Alyeska Seafoods, in conjunction with Westward Trawlers, was rebuilding two large tenders that would be taking codends aboard from joint venture fleets on the grounds and delivering fish directly to the Alyeska Plant in Unalaska. He said that other joint ventures, as well as Westward Trawlers, have indicated that they'll participate by selling to the tenders.

Bart Eaton, Trident Seafoods, maintained that DAP fishermen need an edge of some sort, whether it be better access to nearby grounds, less competition and hence higher CPUEs, or whatever, something would be necessary to make them more competitive with the joint ventures than they currently are.

Harold Jones, who has trawlers engaged in both DAP deliveries to shore plants and floaters and also has a joint venture trawler, has delivered to Great Land Seafoods in the past but could not make it pay. Recognizes the need for DAP priority but was not sure that the proposed closure would be of any benefit.

General discussion followed with comments from the public, of which the general thrust was that regulation to assist the situation was probably not desirable and that most felt it would resolve itself naturally. It was recognized that Greatland Seafoods had particular problems in 1986 that may now be resolved and deliveries there may be more attractive to American trawlers in the future.

It became apparent by noon that there was not going to be any regulatory proposal on which the group could arrive at consensus. It was understood that the proposal submitted by Mayor Fuhs would be before the Council at the January meeting, that he would have additional data to support it by that time, and that the workgroup neither endorsed nor opposed the proposal. There was a general feeling that the economics of shore delivery might improve in 1987 with a greater differential between joint venture and shore delivery prices and that the tendering operation between Alyeska and Westward Trawlers, scheduled to begin in February, would test the feasibility of that approach.

The joint venture interests present felt that the offer to supply fish to tenders sent to the grounds by shoreside processors now required some response from the U.S. processing industry.

The meeting adjourned at 12:30 p.m.