

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver *Chris*
Acting Executive Director

DATE: November 28, 2000

SUBJECT: BSAI FMP Amendment 68--Pacific Cod Pot Gear Split

ESTIMATED TIME 10 HOURS (all D-1 items)

ACTION REQUIRED

Review and revise the problem statement for Amendment 68.

BACKGROUND

Amendment 68 proposes further apportioning the BSAI Pacific cod pot gear allocation (18.3% of the fixed gear BSAI Pacific cod TAC) among pot catcher/processors and catcher vessels, based on catch histories from 1995-1999. At the time the Council approved BSAI Amendment 64, which split the fixed gear allocation of BSAI Pacific cod between the various components of the fixed gear sector, it acknowledged that a further split of the Pacific cod pot gear TAC among pot catcher/processors and catcher vessels may be necessary to stabilize the recent harvest distribution corresponding to those sectors. However, because the public had not been noticed that this action may take place under Amendment 64, the Council delayed action specific to the pot sector and initiated this follow-up amendment in October 1999.

The EA/RIR/IRFA for Amendment 68 was originally scheduled for initial review at the October 2000 meeting. The SSC was provided an overview of the analysis at the October meeting, but time constraints prevented AP and Council review. SSC concerns that the problem statement does not accurately reflect the concerns being addressed by the recommended action in Amendment 68 prompted the Council to reschedule initial review for February, in order to allow the Council time to review and develop a new problem statement at this meeting. The following is a list of the SSC concerns, as stated in the October minutes:

- (1) The problem statement is borrowed from Amendment 64 that allocated Pacific cod TAC between longline and pot fisheries. As such it does not apply specifically to the recommended action to further allocate TAC within the pot sector. Consequently, a revised problem statement should be developed.
- (2) Because of recent approval and implementation of the LLP program, and pending approval for species specific gear endorsements under the LLP program, and final determination of numbers of vessels qualifying, it is difficult to accurately characterize the fishery status quo. The Council would facilitate that process by expressing their intent as to what constitutes status quo.
- (3) The analysis should be expanded to include two items:
 - (a) description and discussion of spatial/temporal distribution of Pacific cod catch stratified by fleet (Pot CP vs CV),
 - (b) analysis of catch within and outside Steller sea lion critical habitat; and
 - (c) under the proposed alternatives, there should be a discussion of the opportunity/likelihood for development of harvester cooperatives.

The intent of Amendment 68 is to extend the same approach to rationalization and stabilization of the pot cod fleet as was used for the longline fleet in Amendment 64. The analysis for Amendment 68 uses the same options as were considered by the Council for the original fixed gear split (with the addition of 1999 data). The problem statement was also carried over from Amendment 64, and thus reflects the need to stabilize the BSAI Pacific cod fishery for pot and longline fishermen who are substantially dependent on, and have extensive catch histories in, the cod fishery. The Council has not had the opportunity to modify the problem statement since that time. The problem statement adopted by the Council for Amendment 64 (and proposed Amendment 68) to the BSAI groundfish FMP is provided below. Revision of this problem statement would satisfy SSC concern (1).

Problem Statement for Amendment 64

The hook-and-line and pot fisheries for Pacific cod in the Bering Sea/Aleutian Islands are fully utilized. Competition for this resource has increased for a variety of reasons, including increased market value of cod products and a declining ABC/TAC.

Longline and pot fishermen who have made significant long-term investments, have long catch histories, and are significantly dependent on the BSAI cod fisheries need protection from others who have little or limited history and wish to increase their participation in the fishery.

This requires prompt action to promote stability in the BSAI fixed gear cod fishery until comprehensive rationalization is completed.

SSC concern (2) requests clarification from the Council on what constitutes status quo under Amendment 68. Both the License Limitation Program and the fixed gear split approved in Amendment 64 had not yet been implemented during the years under consideration in this analysis (1995-1999). The no action alternative, as interpreted in the analysis, would continue the *current* management structure including these amendments, but would allow no further apportionment of the pot sector. The result, under the status quo, is that LLP qualified pot catcher/processors and catcher vessels compete among themselves to harvest as much of their 18.3% fixed gear TAC apportionment as possible.

To further complicate the status quo scenario, recall that Amendment 67, which adds a Pacific cod endorsement requirement for fixed gear vessels fishing BSAI Pacific cod in Federal waters, was adopted by the Council in April 2000. This amendment, if approved by the Secretary, would build on the existing LLP program and further limit the number of fixed gear vessels in each sector according to participation and landings requirements detailed in the Council's preferred alternative for Amendment 67. This amendment has not yet been through Regional review and, upon approval, would not likely be implemented until 2002. Thus, the implications of Amendment 67 are discussed in the status quo section of the analysis, but are not explicitly included as part of the status quo.

The analysis specifies that it is not appropriate in this case to portray the status quo as a static point of departure to compare against the alternatives, but rather a reasonable reference point is necessary to represent current conditions. Thus, the analysis uses the sectoral catch distribution from the 1999 fishing season to represent the baseline, as the most current snapshot of the fishery available.

While it may not be clear from SSC comment (2) above, the intent of the comment was to question using the catch histories from *all* pot vessels that participated in the BSAI Pacific cod fishery during 1995-1999 in determining the sectoral catch distribution under each of the options when a substantial number of those vessels will likely not qualify to fish Pacific cod in the future. The current calculations to determine the distribution among the pot sectors under each option include the catch histories of all the vessels that

participated in the BSAI Pacific cod fishery during 1995-1999, regardless of whether, in 2000, they hold an LLP license or appear to qualify for a Pacific cod endorsement should Amendment 67 be approved and implemented. Staff understands that while these two factors will significantly affect the number of vessels qualifying to fish BSAI Pacific cod using pot gear in the future, they should not affect the options under consideration for this amendment.

The Council's options are intended to stabilize the *historical* catch distribution among pot catcher/processors and pot catcher vessels. By calculating the catch distribution using only those vessels that may qualify under pending amendments, it would significantly change the intent and result of the Council's action under each of the proposed options. Absent Council re-direction, staff will not recalculate the options, and will continue to base the options on the historical catch of all vessels that participated in the fishery during the years under consideration.

Staff is revising the analysis to address SSC concern (3). The analysis will incorporate a description of the spatial and temporal distribution of Pacific cod catch by pot sector and its relation to Steller sea lion critical habitat. A short discussion of the opportunity for harvester cooperatives in the pot fleet will also be included.

The analysis was originally mailed to you on September 15, in preparation for review at the October meeting. Recall that Amendment 68 is currently scheduled for initial review and final action at the February and April 2001 meetings, respectively, and the only action needed at this meeting is development of a problem statement. The options for splitting the pot gear TAC are provided in the executive summary, attached as Item C-3(b).

Executive Summary

Beginning in 1997, Amendment 46 to the Fishery Management Plan for the Groundfish Fishery of the Bering Sea and Aleutian Islands Area (FMP) allocated the total allowable catch (TAC) for Bering Sea/Aleutian Islands (BSAI) Pacific cod among jig gear, trawl gear, and fixed gear. It reserved two percent of the TAC for jig gear, 51 percent for fixed gear, and 47 percent for trawl gear. The amendment also split the trawl apportionment between catcher vessels and catcher/processors 50/50, but did not split the fixed gear apportionment between longline and pot vessels.

At its April 1999 meeting, the North Pacific Fishery Management Council (Council) initiated an analysis to examine the effects of splitting the fixed gear allocation of Pacific cod between the various components of the fixed gear sector in the BSAI. This action was proposed to promote stability in the BSAI fixed gear cod fishery until a comprehensive rationalization of the North Pacific groundfish fisheries is completed. The proposed amendment to divide the BSAI Pacific cod was brought to the Council for initial review in June 1999. The Council made a final decision in October, following a review by the Scientific and Statistical Committee in September. The amendment was approved by the U. S. Secretary of Commerce in July 2000, and NMFS plans to implement the amendment as soon as practicable.

At the time the Council approved Amendment 64, the Council acknowledged that a further split among the pot sector may be necessary to stabilize the harvests of pot catcher/processors and pot catcher vessels in the BSAI Pacific cod fishery. Concern was expressed that the pot sector needed the stability of a direct gear allocation, much like was done for freezer longliners and longline catcher vessels under Amendment 64. However, because the public had not been noticed that this action may be taken under Amendment 64, the Council decided to delay action specific to the pot sector and include the proposal in a follow-up amendment.

This analysis for Amendment 68, which proposes a direct allocation of BSAI Pacific cod to pot catcher/processors and pot catcher vessels, utilizes the same options as considered by the Council for the fixed gear BSAI Pacific cod split in Amendment 64. In addition to the no action alternative, the analysis for Amendment 64 examined several options to apportion the Pacific cod fixed gear TAC. The Council selected an allocation of 80 percent to freezer longline vessels, 0.3 percent to longline catcher vessels, 1.4 percent to pot and longline catcher vessels < 60' length overall (LOA), and 18.3 percent to pot vessels. These percentages fairly closely represent harvests in this fishery over the period 1995-1998. Amendment 68 would further split the 18.3 percent allocated to pot vessels between pot catcher/processors and pot catcher vessels, based on recent catch histories.

Two primary alternatives were examined in this analysis, based on the options provided in Amendment 64. The only change to the original alternatives is the addition of Options 5 and 6, which include 1999 fisheries participation. At the time the Council took action on Amendment 64, catch data for 1999 was not available and thus the Council's action was based only on historical data through 1998. Since that time, 1999 data has become available and is included in the suite of options for Council consideration as the most recent scientific data. The alternatives examined in this analysis are as follows:

Alternative 1: No action. BSAI Pacific cod TAC for the pot sector (18.3% of the fixed gear P. cod TAC) would not be further allocated among the pot catcher/processor and pot catcher vessel sectors.

Alternative 2: Apportion the BSAI Pacific cod pot gear TAC (18.3% of the fixed gear P. cod TAC) among pot catcher/processors and pot catcher vessels. The split may be apportioned according to recent catch histories to be determined as a percentage of cumulative catches of the pot gear BSAI P. cod TAC by pot sector for:

- | | |
|------------------|------------------------------|
| Option 1: | 1996, 1997 |
| Option 2: | 1997, 1998 |
| Option 3: | 1996, 1997, 1998 |
| Option 4: | 1995, 1996, 1997, 1998 |
| Option 5: | 1995, 1996, 1997, 1998, 1999 |
| Option 6: | 1996, 1997, 1998, 1999 |

In general, the options considered by the Council would allocate between 24.3 and 25.3 percent of the pot vessel Pacific cod TAC to pot catcher/processors, and between 74.7 and 75.7 percent to pot catcher vessels. These percentages fairly closely represent harvests in this fishery over the past five years, excluding roll-over catch from other gear sectors. The analysis calculates the options two ways, both including and excluding roll-over harvest, so that the Council may determine which method is appropriate and can evaluate the impacts of both methods. Including roll-over catch in the calculations varies the results only slightly: the options would allocate between 23.9 and 25.3 percent of the pot vessel Pacific cod TAC to pot catcher/processors, and between 74.7 and 76.1 percent to pot catcher vessels. Note that the calculations in the analysis are based on the fixed gear allocations approved in Amendment 64 (18.3 percent to pot vessels), even though they have not yet been implemented through final rulemaking.

Because a sector of the BSAI Pacific cod fishery may not be able to harvest their entire allocation in a year due to halibut bycatch constraints or, in the case of the jig fishery, insufficient effort in the fishery, the Council also provided direction under Amendment 64 on how "roll-overs" to the fixed gear sector should be treated. Roll-overs from the jig or trawl sectors will be apportioned among the freezer longline and pot sectors according to the actual harvest of roll-overs from 1996-1998. Projections indicated that 94.7 percent of the cod "roll-overs" would be allocated to the freezer longline fleet and the remaining 5.3 percent would go to the pot fleet. Should the Council choose to split the 5.3 percent roll-over allocation among the pot sectors, and assuming the same method is used, approximately 24.4 percent of the roll-over amount allocated to the pot fleet would go to pot catcher/processors, and 75.6 percent to catcher vessels. If 1999 data is included in the average, 23.6 percent of the pot roll-over would go to catcher/processors and 76.4 percent to catcher vessels. Should the Council choose not to take any action to apportion the roll-over among the pot sectors, both pot gear groups would compete for the 5.3 percent roll-over allocation as intended under Amendment 64. (Amendment 64 also rolls over any unharvested portion of the catcher vessel longline and the <60' pot and longline vessel allocation that is projected to remain unused to the freezer longliner fleet in September.)

The 1999 fishery is considered the baseline scenario under the no action alternative, however, it is intended only as a point of reference. The no action alternative relates to the catch and revenue distributions that would occur if no further allocation of the pot gear TAC was implemented, and is thus not accurately represented by a static point in time. Each pot sector will exhibit varying levels of effort which will fluctuate annually depending on a number of other factors, including the prices and effort in other (primarily crab) fisheries. Given the difficulty associated with making that prediction, no attempt to estimate the status quo was made in this document. In addition, the fixed gear allocations approved in Amendment 64 were not in place during the 1999 season. Thus, the 1999 fishery is not representative of the future condition of the fishery if no action is taken under Amendment 68—the no action alternative is more accurately defined as the state of the fishery under the fixed gear allocations approved in Amendment 64, i.e., 18.3 percent of the fixed gear Pacific cod TAC is allocated to the pot fleet as a whole, with no further apportionment among pot catcher/processors and pot catcher vessels.

The 1999 baseline scenario, however, shows that a higher than average percentage of the pot quota was taken by catcher vessels in 1999. Excluding roll-overs from the calculation, 79 percent of the pot quota was harvested by pot catcher vessels and 21 percent by catcher/processors in 1999. Including roll-over catch does not change the baseline harvest percentages.

Recall that BSAI Amendment 67, recently passed by the Council in April 2000, adds a requirement for a Pacific cod endorsement for vessels fishing BSAI Pacific cod in Federal waters. This amendment, if approved by the Secretary, would build on the existing LLP program and likely be implemented in 2002. Thus, upon implementation, all vessels participating in the BSAI Pacific cod fishery would have to meet the qualification criteria for a Pacific cod endorsement, in addition to the area endorsement on their general license. The intent of Amendment 67 is to limit the fishery, beyond the limitations currently in place through the LLP program, to vessels that have historically participated in, and are substantially dependent on, the BSAI Pacific cod fishery. Thus, in the future, the Pacific cod fixed gear TAC will be allocated among the freezer longline, longline catcher vessel, and pot vessel fleets according to Amendment 64, and the number of boats in each sector may be limited according to the proposed participation and landings requirements detailed in the Council's preferred alternative for Amendment 67.

As proposed in the Council's preferred alternative for Amendment 67, pot catcher/processors would be required to have made at least 300,000 lb of landings in the directed commercial BSAI P. cod fishery (excluding discards) in each of any two years 1995-98. Pot catcher vessels $\geq 60'$ have less restrictive qualification criteria: over 100,000 lb of landings in each of any two years 1995-99. The Council also specified that catcher vessels $<60'$ would not need a Pacific cod endorsement for the BSAI at this time. Thus, if Amendment 67 is approved by the Secretary, it will further limit the pool of pot vessels that are eligible to harvest the 18.3 percent of the BSAI Pacific cod fixed gear TAC. Amendment 68 is not intended to have any additional biological or allocational impacts outside of the pot vessels, beyond what Amendments 64 and 67 have already proposed; the intent is to extend the same approach to rationalization and stabilization within the pot cod sector as was done for the longline fleet.

This analysis uses estimates of 1998 ex-vessel and first wholesale prices and the 2000 TAC (excluding roll-over harvest) to derive projections of gross revenues for the pot catcher vessel and catcher/processor sectors under each of the alternatives and options. Assuming 1998 fixed gear ex-vessel prices and the 2000 TAC, ex-vessel revenues for pot catcher vessels range from \$4.83 million to \$4.90 million under the proposed alternatives when roll-over catch is excluded from the harvest percentage calculations, and from \$4.83 million to \$4.92 million when roll-over catch is included in the calculations. Compared to the ex-vessel revenue (\$5.11 million) generated using the 1999 baseline harvest percentages, ex-vessel revenues decrease for the catcher vessel sector under all of the proposed options.

Similarly, estimates of first wholesale revenue were calculated for both the catcher vessel and catcher/processor sectors. Excluding roll-overs, pot catcher/processor revenues from cod would be in the \$4.33 to \$4.51 million range, and pot catcher vessel revenues in the \$10.54 to \$10.68 million range, at the first wholesale level. The inclusion of roll-over harvest increases the first wholesale revenues generated by the pot catcher vessel sector by \$50,000 under Options 4 and 5; revenues are reduced for that sector only under Option 2 (less \$20,000) and do not change under the remaining options. Compared to the baseline 1999 harvest, first wholesale revenues for the pot sector as a whole increase under the proposed options whether roll-overs are included or excluded in the harvest percentage calculations. When roll-overs are excluded, first wholesale revenues under the proposed options exceed the baseline by a range of \$0.13-\$0.16 million, and when roll-overs are included, they exceed the baseline by \$0.11-\$0.16 million.

The alternatives and options are expected to have no significant biological impacts. The intent of the proposed amendment is to stabilize the pot gear groups of the BSAI Pacific cod fishery at harvest levels approximating recent catch levels. By stabilizing the harvests of the pot gear sectors, such as was approved by the Council for the longline fleet, the action would also be expected to further stabilize the fixed gear Pacific cod fishery's environmental impacts. The options do not increase or decrease the harvest of Pacific cod by the pot sector as a whole. Any slight shift in effort between the catcher vessel and catcher/processor sectors as a result of the options would likely have little corresponding impact on incidental catch of "other species," such as octopus, sharks, and skates.

The Council voted to sunset Amendment 64 on December 31, 2003, and may choose to apply the same sunset date to Amendment 68. Continuing the allocations of Pacific cod among the fixed gear sectors (or selecting new allocation percentages) in the BSAI after that date will require Council and Secretarial approval of a new amendment.

None of the alternatives is expected to result in a "significant regulatory action" as defined in E.O. 12866. None of the alternatives is likely to significantly affect the quality of the human environment, and the preparation of an environmental impact statement for the proposed action is not required by Section 102(2)(C) of the National Environmental Policy Act or its implementing regulations.

**F/V ALEUTIAN LADY**

11/29/00

Dave Benton, Chairman: Council Members
North Pacific Fisheries Management Council
Via Fax: 907-271-2817
Anchorage, AK

RECEIVED
NOV 29 2000
N.P.F.M.C

Re: D-1 (c) BSAI Pacific Cod Pot Gear Split (CP/CV)

I am writing this letter in support of Amendment 68, Alternative 2, Option 4 or 5 to split the pot cod quota shares between catcher processors & catcher vessels based on historic averages. We started pot cod fishing in 1990 - 91 and have invested a tremendous amount of time and money into this fishery. The average C/V has an investment of between 6 and 8 thousand dollars for cod triggers while the C/P's have spent hundreds of thousands for their investments.

I see a conflict between pot, C/V's and C/P's as to the best time to fish and what price to fish for. C/V's have expressed that they would prefer to fish from April to June, which is a poor time for C/P's to fish because of the quality of the cod after they spawn thus affecting our price. We do not want to be drug into the same problems crab C/P's & C/V's have, where the catcher vessels want to strike for a better price and the C/P's already having a price go fishing; therefore, cutting into the quota that we both share causing great strife and division between the two sectors. A split would resolve this major conflict.

I also believe that further rationalization is needed in this fishery. We all have seen the huge battle it is to get large numbers of crab/cod fishermen to agree on anything. Therefore we in the C/P sector feel it would be easier to move forward in this direction with the cod split in place because of our smaller numbers.

We are asking the council to give us the same consideration that they have given long liners & trawlers in splitting their quotas between C/V's & C/P's. It makes sense in those fisheries and it also makes sense in the pot cod fisheries.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Shelford'. The signature is written in a cursive, somewhat stylized font.

Rick Shelford, Owner/Operator

KRIS POULSEN & ASSOCIATES

COMMERCIAL FISHING VESSELS • M/V BERING SEA • M/V ARCTIC SEA • M/V NORTH SEA

1143 N.W. 45TH STREET • SEATTLE, WASHINGTON 98107 • OFFICE: 206-783-6708 • FAX: 206-784-2502

November 29, 2000

David Benton, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue, Ste 306
Anchorage, Alaska 99501-2252

RECEIVED
NOV 29 2000
N.P.F.M.C

Re: Agenda Item D-1,(c), BSAI Pacific Cod Pot Gear Split (CP/CV)

Dear Mr. Benton,

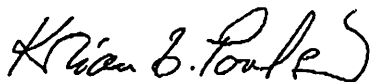
I co-own and manage the fishing vessel Arctic Sea which is a pot cod catcher-processor. I support a split between the pot catcher and pot catcher-processor sectors in regards to the cod quota. Pot catcher-processors should be allocated between 24%-25% based on the Council analysis, which showed this to be the historic norm.

A split between the pot catcher boats and pot catcher-processors will reduce the race for fish as catcher boats and catcher-processors are no longer competing against one another. A split will also take the pot cod fishery one step closer towards rationalization, and make it much easier to rationalize when that opportunity surfaces.

I have spent considerable amount of money on the Arctic Sea to make it possible to process onboard. The investment in becoming a groundfish pot catcher-processor is much greater than just becoming a pot catcher boat. The pot catcher-processor and pot catcher sectors are very different and should be treated differently. I feel we can compete at least as good in the future as we have in the past, especially with Stellar Sea Lion issues affecting catcher boats more so than catcher-processors. However, it is time to move forward with rationalization, and stop worrying about gaining more catch history.

I ask the Council to split the pot cod quota between catcher boats and catcher-processors in a way that is fair and based on historic averages. In that way, neither the catcher boats nor the catcher-processors would be advantaged or disadvantaged. They would simply continue to get what they have always gotten. I am not asking for anything more than what the catcher-processor sector has historically produced.

Sincerely,



Kris Poulsen