

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director



ESTIMATED TIME
(3 Hours)

DATE: January 3, 1996

SUBJECT: Sablefish and Halibut IFQs

ACTION REQUIRED

- (a) IFQ Industry Implementation Team Report
- (b) Final Review of Vessel Buy-Down Amendment (Amendment 42 to the BSAI and GOA FMPs)
- (c) Initial Review of Sweep-up Amendment (Amendment 43 to the BSAI and GOA FMPs)

BACKGROUND

IFQ Industry Implementation Team Report

The IFQ Industry Implementation Team met on November 1-2, 1995 to discuss the status of the IFQ fisheries, proposed amendments, and new industry proposals. Their minutes are attached as Item C-2(a)(1).

Vessel Buy-Down Amendment

At its December 1995 meeting, the Council approved Amendment 42 to the GOA and BSAI FMPs for public review. This plan amendment addresses the need for increased flexibility of halibut and sablefish QS use on Category B, C, and D vessels, while maintaining the goals of the IFQ program and modified block amendment to limit consolidation, allow new entrants into the fishery, and protect coastal communities. Small boat fishermen have reported the scarcity of medium to large size blocks ($\geq 5,000$ lb) in some areas and have requested that the Council enable them to rationalize their operations by purchasing shares from QS holders in larger vessel size categories. Large vessel operators (Category B) have reported difficulties in utilizing or marketing small Category B blocks and have requested the opportunity to downsize their operations or sell QS to owners of smaller vessels. The proposed amendment responds to these requests by enhancing flexibility while maintaining consistency with the basic tenets of the IFQ program.

The increased flexibility in QS use under the proposed amendment may also benefit crew members. Crewmen who purchase Category B or C shares will have access to a larger pool of vessels from which to harvest their shares while working on deck. They could also subsequently purchase their own smaller vessel from which to harvest their shares as they stair-step their way into the fishery.

Final action by the Council for the amendments is scheduled for the January 1996 meeting. The alternatives included in the analysis are:

Alternative 1: Status quo.

Alternative 2: Allow the use of larger vessel category (Category B & C) QS on smaller category vessels (Category C & D).

Public comments received on the amendment are under Item C-2(a)(2).

Sweep-up Amendment

At the September and December 1995 meetings, the Council considered various alternatives to increase the sweep-up levels implemented under the Modified Block Program (Amendments 31/35 to the BSAI and GOA FMPs). Amendment 43 (Item C-2(b)(1)) evaluates the need to increase the sweep-up levels for halibut and sablefish IFQs currently defined under the Block Amendment as less than 1,000 lb for halibut IFQs and less than 3,000 lb for sablefish IFQs, based on 1994 TAC levels. The IFQ longline industry has reported that current sweep-up levels do not equal the harvest of a worthwhile fishing trip. Industry has requested a moderate increase in the sweep-up levels to allow greater amounts of QS to be swept-up into economically "fishable" amounts, without overly increasing consolidation or allowing the creation of large-sized blocks.

The effectiveness of the Block Program may be eliminated at large sizes since large blocks and unblocked shares have been reported to sell at roughly the same price and would eliminate entry level QS. Price structure goals of the Block Program would be lost, as well. The differential pricing of larger blocked and unblocked QS is further exacerbated by the paucity of financing for the IFQ industry, particularly for crewmen and new entrants without capital or assets.

Fishermen are also unable to transfer very small, blocked QS due to a lack of a market for those shares because of the block cap. A moderate increase in the sweep-up levels would likely increase the transfer of very small blocked QS to crewmen and small boat fishermen who seek to increase their holdings. Industry members have reported that the smallest blocks can be purchased at relatively low prices with respect to price per pound and total price. This is an economic disadvantage to crewmen and new entrants to the fishery.

The following sweep-up levels are included in this analysis:

Alternative 1: Status quo.

- QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.
- QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

- Option A. 3,000 lb.
- Option B. 5,000 lb.

Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

- Option A. 5,000 lb.
- Option B. 7,000 lb.

ERRATA SHEET

**GOA/BSAI Amendments 42
(IFQ "Buydown" Amendments)**

Replace Page 16 with this Page

Area 2C Holdings of Halibut IFQ (Total)								
IFQ Size	Vessel Size Class							
	B		C		D		Total	
	IFQ Holdings	Pounds	IFQ Holdings	Pounds	IFQ Holdings	Pounds	IFQ Holdings	Pounds
0 - 999	54	18,383	240	110,035	688	219,923	982	348,341
1,000-4,999	51	129,542	419	1,176,767	340	746,232	810	2,052,541
5,000-9,999	15	103,510	269	1,933,976	54	368,782	338	2,406,268
10,000-14,999	6	74,024	117	1,420,995	10	123,948	133	1,618,967
15,000-19,999	2	35,311	61	1,069,798	0	0	63	1,105,109
>=20,000	3	71,247	41	1,071,638	0	0	44	1,142,885
Total	131	432,017	1,147	6,783,209	1,092	1,458,885	2,370	8,674,111

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Area 2C Holdings of Halibut IFQ (Total)										
IFQ Size	Vessel Size Class									
	B		B+C				B+C+D			
	IFQ Holdings	Pounds	IFQ Holdings		Pounds		IFQ Holdings		Pounds	
	Holdings	Pounds	Number	% Increase	Total	% Increase	Number	% Increase	Total	% Increase
0 - 999	54	18,383	294	23%	128,418	17%	982	43%	348,341	58%
1,000-4,999	51	129,542	470	12%	1,306,309	11%	810	138%	2,052,541	175%
5,000-9,999	15	103,510	284	6%	2,037,486	5%	338	526%	2,406,268	552%
10,000-14,999	6	74,024	123	5%	1,495,019	5%	133	1230%	1,618,967	1206%
15,000-19,999	2	35,311	63	3%	1,105,109	3%	63	∞	1,105,109	∞
>=20,000	3	71,247	44	7%	1,142,885	7%	44	∞	1,142,885	∞
Total	131	432,017	1,278	11%	7,215,226	6%	2,370	117%	8,674,111	495%

ERRATA

Table 1. Percent of halibut and sablefish QS holdings by regulatory area and vessel category.

HALIBUT

< 5000 lb	Vessel Size Class			
	B	C	D	Total
	IFQ Pounds	IFQ Pounds	IFQ Pounds	IFQ Pounds
Area				
2C	6%	54%	40%	2,400,882
3A	8%	57%	35%	2,599,377
3B	22%	65%	13%	971,225
4A	29%	45%	26%	493,727
4B	45%	27%	28%	143,460
4C	37%	29%	34%	121,567
4D	66%	34%	0%	67,085

≥ 5000 lb	Vessel Size Class			
	B	C	D	Total
	IFQ Pounds	IFQ Pounds	IFQ Pounds	IFQ Pounds
Area				
2C	4%	88%	8%	6,273,229
3A	42%	54%	3%	16,517,470
3B	71%	29%	0%	2,546,956
4A	73%	26%	1%	1,302,212
4B	85%	14%	1%	1,597,011
4C	47%	25%	28%	261,599
4D	99%	1%	0%	418,896

SABLEFISH

< 5000 lb	Vessel Size Class		
	B	C	Total
	IFQ Pounds	IFQ Pounds	IFQ Pounds
Area			
AI	46%	54%	86,991
BS	53%	47%	137,584
CG	22%	78%	360,511
SE	24%	76%	477,373
WG	46%	54%	123,943
WY	21%	79%	284,453

≥ 5000 lb	Vessel Size Class		
	B	C	Total
	IFQ Pounds	IFQ Pounds	IFQ Pounds
Area			
AI	85%	15%	1,174,148
BS	74%	26%	804,558
CG	58%	42%	12,223,543
SE	22%	78%	10,650,778
WG	71%	29%	2,538,199
WY	68%	32%	7,110,608

**IFQ INDUSTRY IMPLEMENTATION TEAM MINUTES
NOVEMBER 1-2, 1995**

The IFQ Industry Implementation Team (Team) met in Anchorage on November 1-2, 1995 to discuss the status of the IFQ fisheries, proposed amendments, and new industry proposals. Present for the meeting were Jeff Stephan, (Chair), John Bruce, Norman Cohen, Don Iverson, Jack Knudsen, Linda Kozak, Kris Norosz, Drew Scalzi, and John Woodruff. Jake Phillips and Harold Thompson were absent.

Also present were Jane DiCosimo (Council staff), John Lepore, Jay Ginter, Jim Hale, Phil Smith, Jeff Passer, all of NMFS), Heather Gilroy (IPHC), and LT. CMDR. Walt Hunnings (D17 USCG). Additional participants included Dick Tremaine, Robert Harrington, and Dan Hull (UAA/ISER).

Phil Smith updated the Team on the status of IFQ landings and transfers. Jane DiCosimo gave a report on proposed amendments for the Area 4 Catch Sharing Plan, Amendments 42/42 (Buydown), and Amendments 43/43 (Sweep-ups). John Lepore and Jay Ginter briefed the Team on the status of the interim rule on fishing in multiple areas, omnibus II regulatory amendment, Amendments 32/36 (CDQ Compensation QS One-time Transfer), Amendments 33/37 (Freezing of Non-IFQ Species) and Amendment 40 (Extended AI Sablefish Season). Heather Gilroy briefed the Team on ongoing IPHC port sampling and fish tagging activities. Jeff Passer and Walt Hunnings gave an enforcement and vessel safety update. Dan Hull described the State of Alaska's share holder and registered buyer surveys.

The Team reviewed 29 IFQ issues listed in their agenda and added six additional items. Team recommendations are described below.

The Team concurred with the six items included in the omnibus II regulatory amendment. The Team decided to send a letter to Chris Blackburn Chairman of the Observer Oversight Committee to highlight the need for observer coverage for IFQ fishing in multiple areas and the extended sablefish season in the Aleutian Islands. Industry must comply with required observer coverage to participate in these programs. The Team also will send a letter to Steve Pennoyer requesting clarification on NMFS policy to provide flexibility in the 12-hr unloading period.

SWEEP-UPS With only a couple of weeks left to go in the first IFQ season, the Implementation Team remained reluctant to recommend major changes to the IFQ program before a full evaluation of the program has been conducted. However, the Team members recognize there is a lot concern with the current program. Basically, that concern lies with the multitude of small blocks that currently exist. Many of these are not economically feasible to fish as is. The Team anticipates that these blocks will continue to go unharvested or transferred. Consolidation of small blocks are not occurring as predicted and may be hampered by the current sweep-up limits (1,000 lb for halibut and 3,000 lb for sablefish) and block ownership limitations.

In discussing this issue, the Team recognizes that there is currently a proposal before the Council to increase the sweep-up limits. Some Team members believe higher sweep-up limits should be included in the analysis. While we recognize that allowing an increase in the sweep-up limitations may provide some relief, we believe the Council needs to take a more comprehensive approach to solving the problem. Otherwise, the Council may find itself revisiting this issue in the future.

The Team recommends initial review of a comprehensive analysis at the April 1996 Council meeting, incorporating the following alternatives into the analysis:

- 1) Increase the analysis of the sweep-up by area to include 3,000; 5,000; 7,000; and 10,000 lb for halibut and 5,000; 7,000; 10,000; 15,000; and 20,000 lb (round weight) for sablefish.
- 2) Include analysis of block ownership caps of 2, 3, and 4 (by area) for the lower range of sweep-up levels (3,000 and 5,000 lb for halibut and 5,000 and 10,000 lb for sablefish).
- 3) Consider the effects of the buydown provision, if adopted.
- 4) Consider the end of season report on the 1995 IFQ season.

AREA 4 CATCH SHARING PLAN The Team discussed the benefits of enacting the catch sharing plan until the IPHC has better justification for the biomass method of apportioning subarea catch limits. Norm Cohen noted that an additional 80,000 lb of halibut for Area 4E will likely result in an increase from 88 to about 200 participating CDQ fishermen in that area.

INDIVIDUAL AND COLLECTIVE OWNERSHIP The Team discussed the ramifications that result from the IFQ regulations that address "individually or collective ownership" of QS. These regulations cause the amount of QS holdings that are held by any and all members of a corporation to be limited by the amount of QS holdings that are held by any individual member of such corporation. NMFS RAM Division indicated their intent to request and compile ownership information from partnerships and corporations for the purpose of better information from partnerships and corporations for the purpose of better determining and managing the "individual or collective ownership" restrictions of the IFQ regulations.

VESSEL OWNERSHIP REQUIREMENTS FOR HIRED SKIPPER The Team discussed IFQ regulations that govern leasing, and the regulations that require an individual to have ownership in a vessel in order to hire a skipper. The Team recommended their support for an owner/operator IFQ fleet. The Team recommended that in order to hire a skipper, an individual must document ownership in a vessel, defined as a controlling interest (i.e., 51%), as evidenced by certain documentation, including but not limited to the U.S. Coast Guard Abstract of Title, Vessel Registration, etc.

ADJUSTMENT POLICY John Lepore and Jeff Passer described the current adjustment policy for the IFQ fisheries. The Team discussed: (1) the 10% adjustment policy; (2) deduction of the adjusted amount from the following year's IFQ; (3) the current incentive for fishermen to target 110% of their IFQ based on the 10% allowance. NMFS Enforcement reported that approximately 290 of 1,300 IFQ overages exceeded the 10% adjustment policy and described the summary settlement program that was in place late in the IFQ season. This program allowed voluntary abandonment of the fish with no fine for fishermen who landed more than the 10% adjustment but less than 300 lb of halibut or 100 lb of sablefish. For landings in excess of the 10% adjustment and greater than the above limits, the penalty was forfeiture of the fish and \$2/lb over the 10% limit.

The Team generally supported the summary settlement program as currently implemented by NMFS Office of Enforcement. The Team recommended that the Council request NMFS to implement such regulations that would prohibit a harvester from receiving payment for any IFQ poundage that exceeds the amount of their IFQ, but that is still within the 10% adjustment allowance; that is, the Team believes that any revenues that are realized from the harvest of product that is in excess of the permitted IFQ amount, that is within the 10% adjustment allowance, be forfeited without further penalty.

FLETCHING/CHEEKING The Team expressed support for the ability to cheek halibut at sea, which is currently legal, but agreed that fletching is processing and cannot be undertaken without category A QS.

MODIFY IFQ REPORTING FORM Heather Gilroy reported that the IPHC regulatory areas and NMFS statistical grids now correspond.

PENDING LANDING REPORT The Team will send a letter to Steve Pennoyer supporting an IPHC request that regulatory area fished be included on the landing report.

FIXED CAPS The Team supported the computation of fixed caps in pounds rather than percent of QS units.

TAGGED FISH The Team supported an IPHC recommendation to not count tagged fish against IFQs to encourage reporting.

6-HR NOTICE/TENDERS The Team recommended that NMFS provide waivers on a case by case basis to relax the 6 hour prior notice requirement, and the 6:00 A.M. to 6:00 P.M. unloading requirement. The recommendation of these waivers is intended to provide some relief for skiff fishermen and tenders. This recommendation intends that this relief should not compromise enforcement; additionally, the Team believes that relief of this sort can be provided on a case by case basis without compromising enforcement. The Team also recommended that NMFS Enforcement and the CDQ groups in Areas 4D and 4E coordinate regional waivers prior to the season opening.

FREEZING OF NON-IFQ SPECIES Amendment 33/37 does not allow freezing of non-IFQ species when both sablefish and halibut are onboard. The Team considered this a waste of the groundfish resource while recognizing the social reasons for limiting retention of Pacific cod on halibut catcher vessels, the limited amount of Category A halibut QS to cover halibut bycatch in the Pacific cod fishery, and the need to separate the halibut and Pacific cod fishery seasons. The Team recommended that the Council reconsider their previous action and allow the freezing of non-IFQ species bycatch, limited to the directed fishing standards, on catcher vessels having halibut QS.

SABLEFISH SURVEY The Team discussed reported interactions between the IFQ fleet and the sablefish survey in Southeast Alaska. They discussed the need for rolling closures or winter surveys. Jane DiCosimo read from the Final 1996 GOA SAFE sablefish summary prepared by Dr. Jeff Fujioka from NMFS that described planned modifications to the 1996 survey that would minimize interactions with the fleet. The 1996 survey is scheduled to start earlier and be halfway through the central Gulf before the July trawl opening, providing more area that has already been surveyed and need not be avoided. The survey would not reach the West Yakutat area until about July 18 hopefully allowing the area to rest after a short rockfish opening. The survey is also scheduled to be as far south as the Sitka area before the traditional salmon troll closure around August 13, allowing more area for troller/longliners to fish north of the survey vessel. The Team encouraged sending out the survey schedule to IFQ fishermen, perhaps from the RAM Division and the observer companies, and request that the Coast Guard transmit a prepared report with their scheduled announcements.

LONGLINE POTS FOR SABLEFISH IN THE BERING SEA The Team addressed a proposal to permit the harvest of sablefish in the Bering Sea with longline pots. The Team recommended that the Council permit the use of longline pots for the harvest of sablefish in the Bering Sea. In making this recommendation, the Team considered the lack of grounds preemption from other gear types, killer whale predation on longline gear, the incidence of interaction with killer whales, and the unharvested Bering Sea sablefish quota. The use of longline gear in the Bering Sea would reduce unwanted bycatch compared with other gear. The importance of this recommendation should be evaluated against the importance of other pressing issues that are before the Council. Please note later in these minutes that when the Team ranked the top nine recommendations, this recommendation was not a high priority.

SINGLE POTS FOR SABLEFISH IN THE CENTRAL/WESTERN GULF OF ALASKA The Team addressed a proposal to permit the harvest of sablefish in the Central/Western GOA with single pots. The Team did not support this proposal. The Team agreed that the original reasons for prohibiting pot gear for the harvest of sablefish in the Gulf of Alaska still applied, including concerns related to conservation and grounds preemption.

FISHING UP The Team did not support proposal that would allow the use of smaller vessel category QS on larger vessels, but did discuss the socioeconomic results from job loss due to increased consolidation and the decline in value of QS that would result from the **BUYDOWN AMENDMENT**. The Team decided that individuals could choose to transfer QS on the marketplace. The Team supported Council adoption of the one-way use of QS from larger vessels on smaller vessels.

QS ALLOCATIONS BETWEEN VESSEL CLASSES The Team discussed the ramifications of allowing an individual to designate a vessel category on initially issued QS. The Team discussed the business decisions that have already been made based on QS issued in 1995. The Council debated this issue extensively in coming to their final decision and the Team did not support a change. The Team noted that most affected individuals had obtained preferred QS by transfer and that this remained an option for the applicant, and that other IFQ program limitations (e.g., caps) might come into play if a change was implemented. This would be a plan amendment and would require an analysis of the impacts on individuals who did not receive such relief and consideration and have already made QS adjustments.

UNIFORM LANDING REQUIREMENTS The Team discussed that some fishermen are confused because QS certificates are issued in dressed weight for halibut and round weight for sablefish. The Team did not recommend a change.

WEIGHT DEDUCTIONS FOR ICE AND SLIME The Team recommended that NMFS undertake the necessary analysis to determine a standard deduction for an "ice and slime" product code as requested by the IPHC. The new code would complete the following allowed halibut deliveries: 1) head on, ice and slime; 2) head off, ice and slime; and 3) head off, washed.

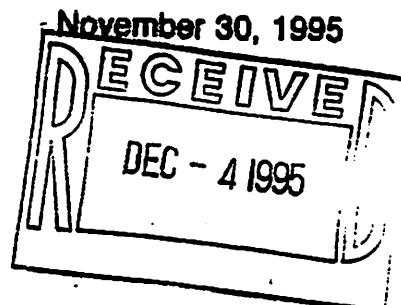
BERING SEA USE CAPS The Team reaffirmed their April 1995 motion to recommend to the Council a review of ownership caps of ½, 1, and 2 percent (and their 1995 poundage equivalent), with the preference of the Team to reestablish historic catch levels as an upper limit. The Team also recommended that § 676.22(h) be clarified so that vessel limitations would be based on combined total catch limits, with CDQ apportionments removed from the calculation.

PRIORITIES As a final action, the Team ranked for importance the top six of nine issues seen as having the greatest priority (listed below) of the 35 IFQ issues they reviewed. The remaining issues were fixed ownership caps, freezing of non-IFQ species with halibut onboard, and the use of sablefish pots in the Bering Sea.

1. Sweep-up amendment
2. Adjustment policy
3. Ownership requirements for hiring a skipper
4. BSAI use caps
5. Weight deductions for ice
6. 6-hr notice waivers

Steve Fish
P.O. Box 6448
Sitka, Ak. 99835

North Pacific Fisheries Management Council
Rick Lauber, Chairman



Dear Mr. Chairman and Council Members

I am writing to express a couple concerns that I have with the proposed "buy down" provision for the halibut and sablefish IFQ programs allowing those with quota shares in larger vessel classes to fish those shares on smaller class vessels.


First of all, this provision would make things easier for certain crewmembers as they can fish their quotas on different size boats (assuming they have over 60' quotas). But those over 60' B class shares will assume the highest market price since they can be fished on any size boat, rather than the current lower price when compared to C class. The shares will be more versatile and usefull, but they will be less affordable and harder to access for those B class vessel owners and crew members who are already having a hard time buying what they need. Parity in quota values between vessel classes should not be a motive of any changes to the IFQ plan.

I am also a bit leary of mixing what are now separate classes of vessels with migration of B class quota onto C class vessels being one apparent motive. I am aware that B class quota would likely remain just that on paper. However the availability of B class quota to B class vessels would be diminished as the shares migrate into the seine fleet and other C class boats. It seems that the original idea of the size classes was to keep the smaller shares from being bought up by larger vessels assumed to have more capital. But movement in the other direction could have negative effects on the current composition of the fleet as well. How important these demographic changes are and if the benefits to some outweigh the costs to others needs to be explored.

I can see benefits to crew members if they can afford the shares, and I can see the value of my shares going up as I am a B class vessel owner but I think that the council should take a close look at the side effects of this proposal.

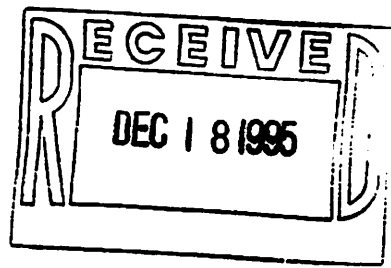
Thank You for your consideration.

Sincerely,



Steve Fish

N.P.M.C. MEMBERS,



12/18/95

MY NAME IS PETER THOMPSON, I LIVE IN
KODIAK, AK., AND I'VE FISHED HALIBUT FOR
16 YEARS.

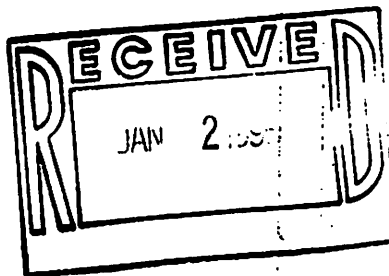
I WAS AWARDED "CLASS D" SHARES
BECAUSE I FISH A 32' BRISTOL BAY
BOAT.

I ENCOURAGE YOU TO PASS THE "FISH DOWN"
PROPOSAL - ORIGINALLY I THOUGHT IT WAS JUST
ANOTHER PERK FOR THE BIG BOAT FLEET, BUT
AFTER MUCH THOUGHT I FEEL IT WOULD TRULEY
BENEFIT THE "D CLASS" BOATS ALSO. WE DON'T
HAVE MANY BUYING OPTIONS WITH "D CLASS"
SHARES. ANYTHING THAT WOULD OPEN UP MORE
OPPORTUNITY TO FISH WITH SMALLER BOATS IS
BEST FOR THE SMALL BOAT FLEET OF ALASKA.

THANK YOU, Peter V. Thompson

WRITTEN COMMENTS FOR BUYDOWN PROPOSAL

December 29, 1995



North Pacific Council Members:

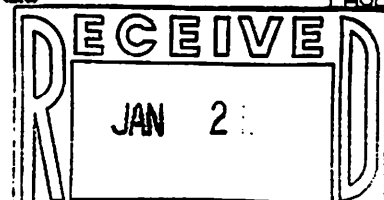
I am a small boat C class fisherman who fished mainly in area 3B during the IFQ qualifying years. The decline in allowable catch in 3B has resulted in fishermen receiving about 1/3 of their yearly average during the qualifying years. I am left with little choice, sell out or buy more quota.

I did not support the IFQ system that was adopted but have resigned myself to living with it. My search for enough C class 3B quota has been fruitless. Though some has been advertised it has been "SOLD" or "NOT AVAILABLE TILL APRIL" etc. when I have talked to brokers. The situation is even worse for D class vessels in 3B. There is no quota in existence let alone available (see page 18 of the analysis). Increasing the sweep up would help but this is not a substitute for the buydown especially in areas where there is little or nothing to sweep up. What I have found is class B 3B quota in large enough blocks to be of interest. From what I can tell, these 5 - 15 thousand lb. blocks have been for sale for quite some time and are not in demand by B class vessels.

Other benefits would include more fish delivered shoreside in Alaska. Crew who purchase quota would have a wider pool of vessels to fish from. The transition into vessel ownership would also be easier since crew who had accumulated enough quota could start with a small boat and grow. I encourage you to adopt the buydown as proposed for Area 3A and all areas west and north. This is not a plea for a handout but for a change that would give small vessels the opportunity to buy back into the fishery.

Thank you,

Joe Macinko
2625 Spruce Cape Road
Kodiak, Alaska 99615



To The N.P.F.M.C.

This a letter in support of the buy down provision.

The Small boat Fleet of Alaska needs to be able to acquire more Halibut Shares than the current system allows.

The D class vessels are at a big disadvantage, the blocks are small and there are very few unblocked shares, (let alone available) in the 3-A, 3-B and 4-A areas.

Being able to buy up in class and fish down on a smaller vessel would be an answer, a small block to a B class vessel could be a big block to a D class vessel.

For the D-class that wants to stay in the halibut business something has to change, we are currently locked out of expanding beyond the small poundage obtainable.

Thank You very much
For Your Time.

Sincerely George Kirk

George Kirk 907)486-5433

FRESH SEAFOOD
VESSEL MANAGEMENT
CONSULTING

OTSU FISHERIES

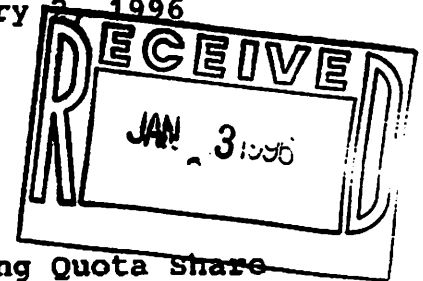
P.O. BOX 2527 • TELEPHONE (503) 738-0858
GEARHART, OREGON 97138

JOHN A. SVENSSON
CHAIRMAN OF THE BOARD

CYNTHIA T. SVENSSON
PRESIDENT

January 2, 1996

Richard B. Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, Alaska 99501



Dear Mr. Lauber and Council Members:

I am writing to support the amendment allowing Quota Share to be used on vessels of same size class or smaller. This would allow crewmen to purchase IFQ to use on the "B" Class vessels they crew on, which increases their likelihood of employment; and it allows crewmen to use their purchased quota on a smaller vessel when they have saved enough money to purchase one. Eventually, they might increase their operations back up to the "B" Class size, being skipper/owners rather than crewmen.

The net effect of this change would be that there would be, at times, slightly more gear in the "C" Class and less in the "B" Class than at present. This would create more crew positions, which addresses the problem that some crewmen have actually lost their jobs because fewer men are needed when the fishery is stretched out over a longer period of time.

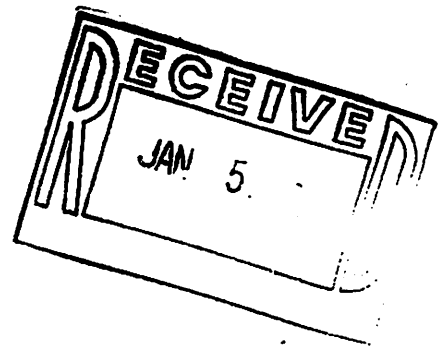
As far as I can see, this plan would foster employment and excellence in the fishery, without harming the resource in any way. Thank you for considering passing this plan amendment.

Sincerely,

John Alfred Svensson

Kevin J Seabeck
855530th NW
Seattle Washington
98117

Dec 29 1995



Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Dear Mr. Lauber,

I want to express my support for the buydown proposal approved by the Council at the December meeting, and to urge all Council members to vote for this amendment. After one year, the 'work in progress' IFQ program has, as some feared, been very restrictive and difficult to adjust to for the medium to small boat fisherman of the C and D classes. Larger A and B class boats, and quota shareholders, because of block restrictions, availability of shares and financial clout, have had an unfair advantage. The IFQ program was intended to maintain the historical makeup of the fleet, including insuring a place for the small boat fisherman.

The rapid consolidation of shares and loss of the fishery to Alaskan coastal communities, and others who had invested their capital and lives can be checked and better balanced by passing this amendment.

To those that are concerned about the value of the shares they were given, I would respond by pointing out that the mandate of the Council and the purpose of the IFQ program is to fairly and effectively manage the fisheries- Not to insure the value of quota. To manage the program on that basis would be unfair to all and probably illegal.

Many invested fishing families and people were severely affected by the program. The situation has now become one where those who are struggling to survive are facing financially unrealistic quota prices, and a lack of quota in the medium to small classes, the C and D shares. This amendment will even the field and provide opportunity to those people, as the Council originally intended.

The advantages of this buydown proposal far outweigh any negative affects. Please act swiftly to pass it so it can be adopted for the 1996 season.

Sincerely

Kevin J Seabeck
F/V Sierra Mar

DRAFT FOR COUNCIL REVIEW

ENVIRONMENTAL ASSESSMENT

AND

REGULATORY IMPACT REVIEW/INITIAL REGULATORY FLEXIBILITY ANALYSIS

FOR

AMENDMENT 43 to the BSAI FMP

AND

AMENDMENT 43 TO THE GOA FMP

TO INCREASE THE SWEEP-UP LEVELS

UNDER THE HALIBUT AND SABLEFISH IFQ BLOCK PROGRAM

prepared by

Staff

North Pacific Fishery Management Council

January 1996

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EXECUTIVE SUMMARY

The proposed action would increase the sweep-up levels for halibut and sablefish IFQs. Currently, sweep-up levels defined under the Block Amendment, based on 1994 TAC levels, are: (1) less than 1,000 lb for halibut, (2) less than 3,000 lb for sablefish. The IFQ longline industry has reported that current sweep-up levels do not equal the harvest of a viable fishing trip, particularly when small amounts of QS are distributed across many regulatory areas. Industry has requested a moderate increase in the sweep-up levels to allow greater amounts of QS to be swept-up into economically "fishable" amounts, without overly increasing consolidation or allowing the creation of large-sized blocks.

A moderate increase in the sweep-up levels would likely increase the transfer of very small, blocked QS to crewmen and small boat fishermen who seek to increase their holdings. Industry members have reported that the smallest blocks can be purchased at relatively low prices with respect to price per pound and total price. This is an economic advantage to crewmen and new entrants to the fishery. While there may be some price increases in small block shares, it is anticipated that a price differential would remain between smaller and larger QS blocks. If the ability to transfer and consolidate small blocks is increased, then the number of unfished blocks should decrease.

At larger sweep-up levels than are currently under consideration (7,500 - 10,000 lb for halibut and 10,000 - 20,000 lb for sablefish), the price differential between blocked and unblocked shares may be lost. The effectiveness of the Block Program may be eliminated with high sweep-ups since large blocks and unblocked shares have been reported to sell at roughly the same price. High sweep-ups would also eliminate affordable entry level QS. Maintaining the price differential and the existence of small blocks is particularly important given the paucity of financing for the IFQ industry, particularly for crewmen and new entrants with capital or assets. The sweep-up levels included in this analysis are:

Alternative 1: Status quo.

QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 TAC levels.

QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 TAC levels.

Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

Option A. 3,000 lb.

Option B. 5,000 lb.

Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

Option A. 5,000 lb.

Option B. 7,000 lb.

1.0 INTRODUCTION

The proposed action addresses an increase of the sweep-up levels for halibut and sablefish IFQs as approved under Amendment 31 to the Groundfish FMP for the Bering Sea/Aleutian Islands and Amendment 35 for the Groundfish FMP for the Gulf of Alaska (Modified Block Program). The Block Amendment provides that quota share (QS) blocks resulting in less than 1,000 lb of IFQ for halibut and less than 3,000 lb of IFQ for sablefish in the implementation year (1994) can be combined. This "sweeping-up" provision allowed very small QS allocations to be combined into "fishable" amounts. Under the Block Amendment, all initially issued QS that resulted in less than 20,000 lb of IFQ using the 1994 total allowable catch (TAC) was blocked. The Block Amendment created a variety of block sizes and made them available for transfer. New entrants to the fishery would be able to secure a smaller block, and then subsequently transfer the smaller block to obtain a larger block as the fishing operation grew and experience of the fisherman increased. This "step"-approach was thought to assist in the growth of each operation to efficient economies of scale.

The proposed action would increase the sweep-up levels for halibut and sablefish IFQs, while maintaining the goals of the IFQ program to limit excessive consolidation, maintain diversity of the fleet, and allow new entrants into the fishery. Use caps, owner-on-board restrictions, vessel caps, vessel category restrictions, and the Block Amendment were originally incorporated into the IFQ program to maintain, as much as possible, the character of the fleet prior to IFQs, to allow for new entrants and crew members, and to protect Alaskan coastal economies dependent on fishing. The Council was concerned that QS could be consolidated into too few hands. The provisions listed above were designed to slow consolidation and limit the degree to which it could occur. The block provisions would have less impact on larger operations because QS allocations for an IFQ regulatory area that represent 20,000 lb in 1994 will remain unblocked. However, a great majority of initial recipients received blocked QS due to smaller average harvests during the qualifying years.

1.1 Management Background

The groundfish fisheries in the Exclusive Economic Zone (3 to 200 miles offshore) of the Gulf of Alaska, Bering Sea, and Aleutian Islands are managed under the Fishery Management Plan (FMP) for the Groundfish Fisheries of the GOA and the FMP for the Groundfish Fisheries of the BSAI. Both FMPs were developed by the Council under the Magnuson Fishery Conservation and Management Act (Magnuson Act). The GOA FMP was approved by the Secretary of Commerce and became effective in 1978; the BSAI FMP became effective in 1982.

The Northern Pacific Halibut Act of 1982 (NPHA), P.L. 97-176, 16 U.S.C. 773 c (c) authorizes the regional fishery management councils having authority for the geographic area concerned to develop regulations governing the Pacific halibut catch in U.S. waters which are in addition to but not in conflict with regulations of the International Pacific Halibut Commission. The halibut IFQ program is implemented by federal regulations under 50 CFR part 676, Limited Access Management of Fisheries off Alaska under authority of the Magnuson Fishery Conservation and Management Act of 1975, P. L. 94-265, 16 U.S.C. 1801.

The National Environmental Policy Act (NEPA), Executive Order (E.O.) 12866, and the Regulatory Flexibility Act (RFA) require a description of the purpose and need for the proposed action as well as a description of alternative actions which may address the problem. Section 2 contains information on the biological and environmental impacts of the alternatives as required by NEPA. Impacts on endangered species and marine mammals are addressed in this section. Section 3 contains a Regulatory Impact Review (RIR) which addresses the requirements of both E.O. 12866 and the RFA that economic impacts of the alternatives be considered.

This document is the draft Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis (EA/RIR/IRFA) for Amendment 43 to the Bering Sea/Aleutian Islands (BSAI) Groundfish FMP and Amendment 43 to the Gulf of Alaska (GOA) Groundfish FMP. Changes to the halibut IFQ program would be

implemented through a regulatory amendment to 50 CFR part 676, Limited Access Management of Fisheries off Alaska under authority of the Magnuson Fishery Conservation and Management Act of 1975, P. L. 94-265, 16 U.S.C. 1801.

A history of the Council's actions with respect to Alaska's halibut and sablefish IFQ fisheries is summarized in Amendments 31/35 (Modified Block Amendment). The Block Amendment addressed concerns that a large consolidation of QS could have occurred under the original IFQ plan and that such an extensive consolidation might be harmful to the traditional fishing economies of some Alaska coastal communities. The Block Amendment modified the original IFQ program (NPFMC 1992) to ensure that small, part-time and diversified operations could continue to profitably participate in the IFQ fisheries.

As outlined in Amendments 31/35 (NPFMC; 1994), the implicit assumption under the Block Amendment is that QS under the original IFQ program would tend to be more valuable to full-time operations, and that those operations would be able to bid more for QS. Proponents of the different block proposals predicted that small part-time operations, diversified operations which fish in these fisheries on a part-time basis, and small "entry-level" operations would tend to disappear from these fisheries over time. Proponents felt that it would have deleterious social and economic effects on many of Alaska's coastal communities.

In the end, the Council developed and passed a "Modified Block Amendment." The primary component of this amendment held that initial allocations of QS worth 20,000 pounds or more of IFQ in the first year of the program would be "unblocked" and transferable under the same conditions as QS under the original IFQ program. Initial allocations of QS worth less than 20,000 pounds of IFQ in the first year of the program would be blocked and could only be traded as a block. Additionally, a person holding any unblocked QS in an area could only hold a single block of QS for that area. Persons who hold no unblocked QS in an area could hold up to two blocks in that area.

The sweep-up provisions of the Block Amendment are the subject of the current proposed amendment. The "sweeping up" provision for halibut and sablefish allows very small blocks to be combined into a fishable amount. Blocks of QS less than 1,000 pounds of halibut at 1994 TAC levels can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels. Similarly, QS blocks less than 3,000 pounds of sablefish at 1994 TAC levels can be combined as long as the resulting block does not contain QS of more than 3,000 pounds of IFQ in 1994.

1.2 Purpose and Need for Action

The proposed action would increase the sweep-up levels for halibut and sablefish IFQs. Currently, sweep-up levels defined under the Block Amendment, based on 1994 TAC levels, are: (1) less than 1,000 lb for halibut, (2) less than 3,000 lb for sablefish. The IFQ longline industry has reported that current sweep-up levels do not equal the harvest of a viable fishing trip, particularly when small amounts of QS are distributed across many regulatory areas. Industry has requested a moderate increase in the sweep-up levels to allow greater amounts of QS to be swept-up into economically "fishable" amounts, without overly increasing consolidation or allowing the creation of large-sized blocks.

A moderate increase in the sweep-up levels would likely increase the transfer of very small, blocked QS to crewmen and small boat fishermen who seek to increase their holdings. Industry members have reported that the smallest blocks can be purchased at relatively low prices with respect to price per pound and total price. This is an economic advantage to crewmen and new entrants to the fishery. While there may be some price increases in small block shares, it is anticipated that a price differential would remain between smaller and larger QS blocks. If the ability to transfer and consolidate smaller blocks is enhanced, then it should decrease the number of unfished blocks.

At larger sweep-up levels than currently under consideration (7,500 - 10,000 lb for halibut and 10,000 - 20,000 lb for sablefish), the price differential between blocked and unblocked shares may be lost. The effectiveness of the Block Program may be eliminated with high sweep-ups since large blocks and unblocked shares have been reported to sell at roughly the same price. High sweep-ups would also eliminate affordable entry level QS. Maintaining the price differential and the existence of small blocks is particularly important given the payucity of financing for the IFQ industry, particularly for crewmen and new entrants without capital or assets.

The sweep-up levels included in this analysis are:

Alternative 1: Status quo.

QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.

QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

The current sweep-up levels of 1,000 lb for halibut and 3,000 lb for sablefish based on 1994 quotas are specified in the IFQ regulations [§676.20(d)(2)]; the IFQ pounds associated with QS are adjusted according to the annual quotas set by the Council for sablefish and the International Pacific Halibut Commission (IPHC) for halibut. The 20% decrease in the sablefish quotas from 1995 to 1996 will result in an approximately 20% lower sweep-up level for sablefish in 1996; 1996 sweep-up equivalents will be provided when available from NMFS RAM (Table 1). Adjusted halibut quotas for 1996 will result in similarly adjusted IFQ pounds associated with the halibut sweep-up level when the IPHC sets halibut catch limits in January 1996.

Under the status quo, 33% of all halibut QS issuances were less than the 1,000 lb sweep-up level; 34% of all sablefish QS issuances were less than the 3,000 lb sweep-up level (Table 2). Note that a relatively large number of QS/IFQ holders hold a relatively small amount (2%) of IFQ pounds at these QS block sizes.

Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

Option A. 3,000 lb.

Option B. 5,000 lb.

Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

Option A. 5,000 lb.

Option B. 7,000 lb.

Table 1. Quota shares and TACs for 1995 and 1996.					
		1995		1996	
Area	Adjusted Quota Share Pool	Adjusted Total Allowable Catch	Ratio* (QS/IFQ)	Adjusted Total Allowable Catch	Ratio* (QS/IFQ)
Halibut					
2C	59,853,126	9,000,000	6.650	TO BE COMPLETED	
3A	185,818,173	20,000,000	9.291		
3B	54,435,504	3,700,000	14.712		
4A	14,861,967	1,950,000	7.622		
4B	9,236,860	1,848,000	4.998		
4C	3,969,186	385,000	10.310		
4D	4,685,996	539,000	8.694		
Sablefish					
SEO	68,528,249	12,985,094	5.277	TO BE COMPLETED	
WY	55,222,648	8,586,917	6.431		
CG	110,855,516	15,167,648	7.309		
WG	37,318,847	4,585,568	8.138		
AI	31,126,431	2,910,072	10.696		
BS	16,388,151	1,410,944	11.615		
			*QS÷Ratio=IFQ		

Table 2. Halibut and sablefish catcher vessel QS holdings converted to 1995 IFQ lb by regulatory area.

HALIBUT					SABLEFISH				
Area	<1,000 lb sweep-up		Total		Area	<3,000 lb sweep-up		Total	
	Pounds	Num. of holdings	Pounds	Num. of holdings		Pounds	Num. of holdings	Pounds	Num. of holdings
2C	294,626	751	8,832,565	2,371	AI	55,249	47	1,261,141	104
3A	367,403	1,159	19,455,915	3,087	BS	47,634	55	942,140	118
3B	144,519	369	3,591,788	1,052	CG	189,649	262	12,584,057	622
4A	41,894	86	1,872,743	523	SE	165,014	177	11,128,151	719
4B	10,091	17	1,783,408	145	WG	53,170	49	2,662,135	205
4C	10,348	21	383,169	80	WY	132,387	147	7,395,063	427
4D	3,459	9	498,879	63					
Total	872,341	2,412	36,418,467	7,321	Total	643,104	737	35,972,687	2,195
	2%	33%				2%	34%		

This analysis has been prepared to allow the Council to consider possible regional differences in the social and economic needs of different communities when selecting sweep-up levels by providing all halibut and sablefish QS/IFQ data by regulatory area.

Along with potential area sweep-up levels, staff has proposed specifying the QS units associated with the Council's preferred option, rather than the sweep-up levels, in the IFQ regulations (Table 1). Specifying the QS units instead of the sweep-up level will decrease public confusion as the QS units vary by regulatory area.

Additionally, the Council may choose either 1994 or 1996 as the base year for the sweep-up options. The effect of maintaining the 1994 base year would be to reduce the 1996 IFQ pounds when converted from QS units by the percentage reduction in TAC between 1995 and 1996. This reduction was approximately 20% for sablefish; IPHC staff has recommended rolling over 1995 quotas.

Proposed changes to allow larger vessel QS to be used on smaller vessels Amendments 42/42 (Buydown Amendment) (NPFMC 1995) are assumed to not affect the proposed changes under this amendment. While Amendment 42/42 would allow larger vessel category QS to be used on smaller vessels, the actual QS will not be allowed to be combined with QS from smaller category vessels and will still be subject to the block cap.

2.0 NEPA REQUIREMENTS/ENVIRONMENTAL IMPACTS OF THE ALTERNATIVES

An environmental assessment (EA) is required by the National Environmental Policy Act of 1969 (NEPA) to determine whether the action considered will result in a significant impact on the human environment. The environmental analysis in the EA provides the basis for this determination and must analyze the intensity or severity of the impact of an action and the significance of an action with respect to society as a whole, the affected region and interests, and the locality. If the action is determined not to be significant based on an analysis of relevant considerations, the EA and resulting finding of no significant impact (FONSI) would be the final environmental documents required by NEPA. An environmental impact study (EIS) must be prepared if the proposed action may cause a significant impact on the quality of the human environment.

An EA must include a brief discussion of the need for the proposal, the alternatives considered, the environmental impacts of the proposed action and the alternatives, and a list of document preparers. The purpose and alternatives are discussed in Sections 1.1 and 3, and the list of preparers is in Section 6. This section contains the discussion of the environmental impacts of the alternatives including impacts on species listed as threatened and endangered under the Endangered Species Act (ESA).

The environmental impacts generally associated with fishery management actions are effects resulting from: 1) overharvest of fish stocks which might involve changes in predator-prey relationships among invertebrates and vertebrates, including marine mammals and birds; 2) physical changes as a direct result of fishing practices affecting the sea bed; and 3) nutrient changes due to fish processing and discarding fish wastes into the sea.

2.1 Environmental Impacts of the Alternatives

No biological or environmental changes will occur by adopting either of the alternatives. All of the alternatives institute an allocation of QS among individuals and have no biological impact. These alternatives could, however, impact the future distribution of QS.

2.2 Impacts on Endangered, Threatened or Candidate Species Under the ESA

Species that are listed as threatened or endangered, or are candidates or proposed for listing under the Endangered Species Act (ESA), may be present in the BSAI and GOA. Additionally, nonlisted species, particularly seabirds, also occur in those areas and may be impacted by fishing operations. A list of species and a detailed discussion regarding life history and potential impacts on marine species can be found in the EA/RIR/IRFA for Amendments 31/35 (Block Program) (NPFMC 1994). Since this amendment strictly addresses allocation of QS, fishing activities under either of the alternatives would not be expected to cause any adverse effects.

2.2.1 Salmon

Listed species of salmon, including the Snake River sockeye salmon (*O. nerka*), fall chinook and spring/summer chinook salmon (both *Oncorhynchus tshawytscha*) may be present in the BSAI. These areas are believed to be outside the range of another listed species, the Sacramento River winter-run chinook salmon. A Biological Opinion conducted on effects of the groundfish fisheries concluded that groundfish fisheries are not likely to jeopardize the continued existence of endangered or threatened Snake River salmon species (NMFS 1994a). None of the alternatives are expected to adversely affect any listed salmon species.

2.2.2 Seabirds

Listed or candidate species of seabirds include the endangered short-tailed albatross (*Diomedea albatrus*), the threatened spectacled eider (*Somateria fischeri*), and the candidate (category 1) Steller's eider (*Polysticta stelleri*), or (category 2) marbled murrelet (*Brachyramphus marmoratus*), red-legged kittiwake (*Rissa brevirostris*) or Kittlitz's murrelet (*Brachyramphus brevirostris*). A formal consultation conducted by the U.S. Fish and Wildlife Service (USFWS) on the potential impacts of groundfish fisheries and subsequent informal consultation on impacts of 1994 groundfish fisheries on these species concluded that groundfish fisheries adversely affect, but do not jeopardize, the existence of the short-tailed albatross (USFWS 1989, 1994) if the incidental take allowance of up to two short-tailed albatrosses per year was not exceeded. The informal consultation also concluded that groundfish fisheries were not likely to adversely affect the spectacled eider, Steller's eider, or marbled murrelet. The USFWS did not comment on remaining candidate species at that time. None of the alternatives are expected to adversely affect any listed or candidate seabird species.

2.2.3 Marine Mammals

As with salmon and seabirds listed under the ESA, fishing activities under this proposed action are not likely to impact the threatened Steller sea lion (*Eumetopias jubatus*), in a manner, or to an extent, not previously considered in informal Section 7 consultations for 1994 groundfish fisheries (NMFS 1994b, c). The 10-nm annual trawl exclusion areas around Steller sea lion rookeries would be in place regardless of which alternative is chosen. These create refuges where no trawling can occur in areas important for sea lion breeding and foraging. Other listed marine mammals include the endangered fin whale (*Balaenoptera physalus*), sei whale (*Balaenoptera borealis*), humpback whale (*Megaptera novaeangliae*), and sperm whale (*Physeter catodon*). None of these species are anticipated to be adversely affected by this proposed amendment because total harvests and overall fishing effort would not change. The impacts of marine mammals is further detailed in the EA/RIR/IRFA for Amendments 31/35 (Block Program) (NPFMC 1994).

2.3 Impacts on Marine Mammals Not Listed Under the ESA

Marine mammals not listed under the ESA that may be present in the BSAI or GOA include cetaceans, [minke whale (*Balaenoptera acutorostrata*), killer whale (*Orcinus orca*), Dall's porpoise (*Phocoenoides dalli*), harbor porpoise (*Phocoena phocoena*), Pacific white-sided dolphin (*Lagenorhynchus obliquidens*), and the beaked whales (e.g., *Berardius harrisi* and *Mesoplodon* spp.)] as well as pinnipeds [northern fur seals (*Callorhinus ursinus*), and Pacific harbor seals (*Phoca vitulina*)] and the sea otter (*Enhydra lutris*). A list of species and detailed discussion regarding life history and potential impacts of the 1995 groundfish fisheries of the BSAI and GOA on those species can be found in an EA conducted on the 1995 Total Allowable Catch Specifications for the GOA and BSAI (NMFS 1994a). None of the alternatives are expected to adversely affect any listed or candidate marine mammals in a manner not already considered in previous consultations.

2.4 Coastal Zone Management Act

Each of the alternatives would be conducted in a manner consistent, to the maximum extent practicable, with the Alaska Coastal Zone Management Program within the meaning of Section 307(c)(1) of the Coastal Zone Management Act of 1972 and its implementing regulations.

2.5 Finding of No Significant Impact

None of the alternatives is likely to significantly affect the quality of the human environment; preparation of an environmental impact statement for selection of any of the alternatives as the proposed action would not be required by Section 102(2)(C) of the National Environmental Policy Act or its implementing regulations.

3.0 REGULATORY IMPACT REVIEW

The Regulatory Impact Review (RIR) provides information about the economic and sociological impacts of the alternatives including identification of the individuals or groups that may be affected by the action, the nature of these impacts, quantification of the economic impacts if possible, and discussion of the trade-offs between qualitative and quantitative benefits and costs.

An RIR is required by NMFS for all regulatory actions or for significant Department of Commerce or NOAA policy changes that are of significant public interest. The RIR: (1) provides a comprehensive review of the level and incidence of impacts associated with a proposed or final regulatory action; (2) provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives that could be used to solve the problems; and (3) ensures that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost effective way.

Executive Order 12866, "Regulatory Planning and Review," was signed on September 30, 1993 and established guidelines for promulgating new regulations and reviewing existing regulations. While the order covers a variety of regulatory policy considerations, the benefits and costs of regulatory actions are a prominent concern. Section 1 of the order describes the regulatory philosophy and principles that are to guide agency development of regulations. The regulatory philosophy stresses that, in deciding whether and how to regulate, agencies should assess all costs and benefits of all regulatory alternatives. In choosing among regulatory approaches, the philosophy is to choose those approaches including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity) that maximize net benefit to the nation.

The regulatory principles in E.O. 12866 emphasize careful identification of the problem to be addressed. The agency is to identify and assess alternatives to direct regulation, including economic incentives, such as user fees or marketable permits, to encourage the desired behavior. When an agency determines that a regulation is the best available method of achieving the regulatory objective, it shall design its regulations in the most cost-effective manner to achieve the regulatory objective. Each agency shall assess both the costs and benefits of the intended regulation and, recognizing that some costs and benefits are difficult to quantify, propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs. Each agency shall base its decisions on the best reasonably obtainable scientific, technical, economic, and other information concerning the need for, and the consequences of, the intended regulation.

An RIR is required for all regulatory actions that either implement a new FMP or significantly amend an existing FMP. The RIR is part of the process of preparing and reviewing FMPs and provides a comprehensive review of the changes in net economic benefits to society associated with proposed regulatory actions. The analysis also

provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives that could be used to solve the problem. The purpose of the analysis is to ensure that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost-effective way. The RIR addresses many of the items in the regulatory philosophy and principles of E.O. 12866.

Executive Order 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be "significant." A "significant regulatory action" is one that is likely to:

- (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) Materially alter the budgetary impacts of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

A regulatory program is "economically significant" if it is likely to result in the effects described in item (1) above. The RIR is designed to provide information to determine whether the proposed regulation is likely to be "economically significant."

This section provides an RIR for adjusting the sweep-up levels specified under the Block Amendment. An objective of this amendment is to allow greater amounts of small blocked QS to be consolidated into larger, more fishable amounts. The Block Amendment was designed to guarantee that a large number of small QS blocks would continue to exist to ensure that some QS would continue to be available to support a part-time fleet and an entry level fishery.

Actual consolidation is difficult to address, but is expected to be less than the hypothetical maximum consolidation under all alternatives since not all holders of small, blocked QS will wish to transfer them for someone else's use and not all QS holders will wish to obtain more small, blocked QS in a particular area. This is evident upon examination of the current distribution of small, blocked QS that could be swept up. One year after implementation of the IFQ program and the Block Amendment, hypothetical maximum consolidation of blocked QS under the sweep-up levels for both halibut and sablefish have not been met. Hypothetical consolidation under the status quo halibut sweep-up level (<1,000 lb) could be increased by 25%, and for sablefish (<3,000 lb), by 37% (Table 2). Only 31 halibut sweep-up consolidations occurred as of December 20, 1995, representing 67,580 QS units and 8,129 lb (Table 3); 15 sablefish sweep-ups occurred in 1995, representing 81,986 QS units and 4,931 lb. This is less than 1% of the hypothetical sweep-ups under the status quo for each species.

Increased consolidation is expected even under the status quo, given that fishermen are still learning how to fish under the flexibility of the IFQ program. The marketplace, particularly in the first year of the IFQ program, is still evolving in terms of dockside price of IFQ species and price paid for transferred QS. QS holders' fishing strategies and the marketplace are expected to move toward the most economically efficient use of the resources.

Table 3. Halibut and sablefish QS sweep-ups in 1995 (Source: RAM).

HALIBUT				SABLEFISH			
Area	Num	QS Units	IFQ lb	Area	Num	QS Units	IFQ lb
2C	11	20,745	3,120	SEO	10	10,288	1,950
3A	15	31,103	3,348	WY	1	678	105
3B	3	6,934	471	CG	4	21,020	2,876
4A	2	9,068	1,190	WG	0	0	0
4B	0	0	0	AI	0	0	0
4C	0	0	0	BS	0	0	0
4D	0	0	0				
TOTAL	31	67,580	8,129	TOTAL	15	31,986	4,931

3.1 MANAGEMENT ALTERNATIVES

3.1.1 Alternative 1: Status quo.

Under Alternative 1 (status quo), small QS blocks less than 1,000 pounds of halibut IFQ in the first year of the program (1994) can be combined as long as the resulting block is less than 1,000 pounds. Similarly, small QS blocks less than 3,000 pounds of sablefish IFQ in 1994 can be combined as long as the resulting block is less than 3,000 pounds. This has been termed the "sweeping up" provision and is intended to turn all blocks into "fishable" amounts of QS. Approximately one third of both halibut and sablefish QS holdings, representing 2% of total IFQ pounds were under their representative sweep-up limits (Table 2).

The main focus of the following section is to examine to what extent the proposed amendment alters the potential for maximum consolidation relative to the status quo. The estimates of hypothetical maximum consolidation were made assuming that unblocked halibut QS holders would want to hold the maximum amount allowed for an area. How actual consolidation would be altered by the different alternatives is a difficult question, but it is expected to be less than the hypothetical maximum consolidation under all alternatives, including the status quo.

Halibut: QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.

Tables 4a and 4b depict the hypothetical maximum consolidation of halibut IFQs by area and sweep-up category for the status quo and Alternative 2 options. Table 4a contains the number of blocks and Table 4b contains the pounds of IFQ based on 1995 TACs and IFQ distributions. The IFQ distributions as they currently exist are shown under the "Current Status" heading. The "Alternative 1" column provides the hypothetical maximum consolidation under the status quo sweep-up limit of less than 1,000 lb.

The "Total" rows provide the "bottomline" effect of the current and proposed sweep-up alternatives. Note that after one year of the IFQ program, the status quo sweep-up limit allows consolidation of total blocked halibut QS in all halibut regulatory areas. While 25% (100%-75%) of all halibut blocks could have been swept-up under the status quo, less than 1% were swept-up in 1995.

Table 4a. Hypothetical maximum consolidation of halibut IFQs using 1995 TACs at sweep-up alternatives.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
2C	< 1,000	753	38%	296+4	19%				
	1,000 - 2,999	505	25%	505	33%	407+4	36%		
	3,000 - 4,999	265	13%	265	17%	265	23%	454+4	49%
	5,000 +	476	24%	476	31%	476	41%	476	51%
	TOTAL	1,999	100%	1,546	77%	1,152	58%	934	47%
3A	< 1,000	1,164	46%	370+4	21%				
	1,000 - 2,999	602	24%	602	34%	493+4	39%		
	3,000 - 4,999	264	10%	264	15%	264	21%	504+4	49%
	5,000 +	519	20%	519	30%	519	41%	519	51%
	TOTAL	2,549	100%	1,759	69%	1,280	50%	1,027	40%
3B	< 1,000	371	43%	145+4	23%				
	1,000 - 2,999	235	27%	235	37%	194+4	44%		
	3,000 - 4,999	100	12%	100	16%	100	22%	195+4	57%
	5,000 +	151	18%	151	24%	151	34%	151	43%
	TOTAL	857	100%	635	74%	449	52%	350	41%
4A	< 1,000	87	26%	42+4	16%				
	1,000 - 2,999	103	31%	103	35%	77+3	36%		
	3,000 - 4,999	62	19%	62	21%	62	28%	96+3	54%
	5,000 +	83	25%	83	28%	83	37%	83	46%
	TOTAL	335	100%	294	88%	225	67%	182	54%
4B	< 1,000	19	16%	11+4	13%				
	1,000 - 2,999	28	23%	28	24%	21+3	24%		
	3,000 - 4,999	21	17%	21	18%	21	21%	28+3	36%
	5,000 +	54	44%	54	46%	54	55%	54	64%
	TOTAL	122	100%	118	97%	99	81%	85	70%
4C	< 1,000	21	30%	10	17%				
	1,000 - 2,999	21	30%	21	33%	17+4	42%		
	3,000 - 4,999	11	15%	11	17%	11	22%	24+4	61%
	5,000 +	18	25%	18	29%	18	36%	18	39%
	TOTAL	71	100%	63	89%	50	70%	46	65%
4D	< 1,000	9	16%	2+2	8%				
	1,000 - 2,999	17	29%	17	32%	12+3	32%		
	3,000 - 4,999	8	14%	8	15%	8	17%	13+3	40%
	5,000 +	24	41%	24	45%	24	51%	24	60%
	TOTAL	58	100%	53	91%	47	81%	40	69%
TOTAL	< 1,000	2,424	40%	877+25	20%				
	1,000 - 2,999	1,511	25%	1,511	34%	1,221+25	38%		
	3,000 - 4,999	731	12%	731	16%	731	22%	1,314+25	50%
	5,000 +	1,325	22%	1,325	30%	1,325	40%	1,325	50%
	TOTAL	5,991	100%	4,469	75%	3,302	55%	2,664	44%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table 4b. Hypothetical maximum consolidation of halibut IFQs using 1995 TACs at sweep-up alternatives.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
2C	< 1,000	296,099	5%	295,704+395	5%				
	1,000 - 2,999	926,540	15%	926,540	15%	1,220,593+2,046	19%		
	3,000 - 4,999	1,049,525	16%	1,049,525	16%	1,049,525	16%	2,269,546+2,618	36%
	5,000 +	4,091,098	64%	4,091,098	64%	4,091,098	64%	4,091,098	64%
	TOTAL	6,363,262	100%	6,363,262	100%	6,363,262	100%	6,363,262	100%
3A	< 1,000	370,176	5%	369,630+546	5%				
	1,000 - 2,999	1,108,399	16%	1,108,399	16%	1,478,507+68	21%		
	3,000 - 4,999	1,044,159	15%	1,044,159	15%	1,044,159	15%	2,519,496+3,238	36%
	5,000 +	4,451,082	64%	4,451,082	64%	4,451,082	64%	4,451,082	64%
	TOTAL	6,973,816	100%	6,973,816	100%	6,973,816	100%	6,973,816	100%
3B	< 1,000	145,445	6%	144,855+590	6%				
	1,000 - 2,999	438,740	18%	438,740	18%	581,806+2,379	24%		
	3,000 - 4,999	392,677	16%	392,677	16%	392,677	16%	974,805+2,057	40%
	5,000 +	1,439,238	60%	1,439,238	60%	1,439,238	60%	1,439,238	60%
	TOTAL	2,416,100	100%	2,416,100	100%	2,416,100	100%	2,416,100	100%
4A	< 1,000	42,762	3%	41,958+804	3%				
	1,000 - 2,999	190,453	14%	190,453	14%	230,923+2,292	17%		
	3,000 - 4,999	247,007	18%	247,007	18%	247,007	18%	479,904+318	36%
	5,000 +	869,995	64%	869,995	64%	869,995	64%	869,995	64%
	TOTAL	1,350,217	100%	1,350,217	100%	1,350,217	100%	1,350,217	100%
4B	< 1,000	11,295	2%	10,989+306	2%				
	1,000 - 2,999	52,438	8%	52,438	8%	62,979+754	10%		
	3,000 - 4,999	80,939	12%	80,939	12%	80,939	12%	139,972+4,700	22%
	5,000 +	511,422	78%	511,422	78%	511,422	78%	511,422	78%
	TOTAL	656,094	100%	656,094	100%	656,094	100%	656,094	100%
4C	< 1,000	10,347	5%	9,999+348	5%				
	1,000 - 2,999	43,613	22%	43,613	22%	50,983+2,977	27%		
	3,000 - 4,999	69,435	35%	69,435	35%	69,435	35%	119,976+3,419	62%
	5,000 +	75,253	38%	75,253	38%	75,253	38%	75,253	38%
	TOTAL	198,648	100%	198,648	100%	198,648	100%	198,648	100%
4D	< 1,000	2,454	1%	1,998+456	1%				
	1,000 - 2,999	34,166	13%	34,166	13%	35,988+632	14%		
	3,000 - 4,999	31,997	12%	31,997	12%	31,997	12%	64,987+3,630	27%
	5,000 +	190,273	73%	190,273	73%	190,273	73%	190,273	73%
	TOTAL	258,890	100%	258,890	100%	258,890	100%	258,890	100%
TOTAL	< 1,000	878,578	5%	878,578	5%				
	1,000 - 2,999	2,794,349	15%	2,794,349	15%	3,661,779+11,148	20%		
	3,000 - 4,999	2,915,739	16%	2,915,739	16%	2,915,739	16%	6,56,686+19,980	36%
	5,000 +	11,628,361	64%	11,628,361	64%	11,628,361	64%	11,628,361	64%
	TOTAL	18,217,027	100%	18,217,027	100%	18,217,027	100%	18,217,027	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

The "Alternative 2" column provides the hypothetical maximum consolidation of blocks for Option A (<3,000 lb) and Option B (<5,000 lb). Note that a few blocks less than 1,000 pounds of IFQ remain in each area after the "sweep-up," e.g., the "296+4" in the first row (2C, <1,000) under Alternative 1. This is due to the sweep-up estimation methodology which leaves one person in each "vessel category" in each area with a "remainder" block.

These data are also provided in more detail for each regulatory area. Most consolidation could occur in Areas 2C, 3A, and 3B (to 77, 69, and 74% of current QS blocks). Selecting Area 3A as an example since this area could hypothetically experience the most consolidation through sweeping-up, note that consolidation under the current 1,000 lb sweep-up level could reach a maximum to 69% (another way of expressing this consolidation is that blocks could be reduced by 31% [100-69%]). Compared with the status quo (a total of 2,549 blocks and 6,973,816 lb), consolidation under the current sweep-up limit could reduce the total number of blocks to 1,759 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<1,000 lb), the 1,164 blocks of less than 1,000 lb could be consolidated into 370 blocks of less than 1,000 lb with 4 remaining blocks (one each in vessel categories A, B, C, and D).

When comparing the effects of sweep-up limits on numbers of blocks and IFQ pounds, note that the distribution of the QS/IFQ holders by IFQ category is quite different than the distribution of IFQ pounds by IFQ category. There are a relatively large number of QS holders with relatively small sized holdings. No consolidation actually occurs in the pounds, only the distribution of pounds into different sized blocks (Table 4b).

Sablefish: QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

Tables 5a and 5b show the hypothetical maximum consolidation of sablefish IFQs by area and sweep-up category for the status quo and Alternative 3 options. Table 5a contains the number of blocks and Table 5b shows the pounds of IFQ based on 1995 TACs and IFQ distributions. The IFQ distributions as they exist currently are shown under the "Current Status" heading. The "Alternative 1" column provides the hypothetical maximum consolidation under the status quo sweep-up limit of less than 3,000 lb.

The "Total" rows provide the "bottomline" effect of the current and proposed sweep-up alternatives. Note that after one year of the IFQ program, the status quo sweep-up limit allows consolidation of total blocked sablefish QS in all regulatory areas. While 37% (100%-63%) of all sablefish blocks could have been swept-up under the status quo, less than 1% were swept-up in 1995.

The "Alternative 3" column provides the hypothetical maximum consolidation of blocks for Option A (<5,000 lb) and Option B (<7,000 lb). Note that a few blocks less than 3,000 pounds of IFQ remain in each area after the "sweep-up", e.g., the "18+3" in the first row (AI, <3,000) under Alternative 1. This is due to the sweep-up estimation methodology which leaves one person in each "vessel category" within an area with a "remainder" block.

These data are also provided in more detail for each regulatory area. Most consolidation could occur in the Central Gulf, West Yakutat, and Aleutian Islands (50, 62, and 65% of original QS blocks). Selecting the Central Gulf as an example since this area could hypothetically experience the most consolidation through sweeping-up, note that consolidation under the current 3,000 lb sweep-up level could reach a maximum by 50%. Compared with the status quo (a total of 397 blocks and 1,219,484 lb), consolidation under the current sweep-up limit could reduce the total number of blocks to 198 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), 268 blocks less than 3,000 lb could be consolidated into 66 blocks less than 3,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

Table 5a. Hypothetical maximum consolidation of sablefish IFQs using 1995 TACs at sweep-up alternatives.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
AI	< 3,000	50	61%	18+3	40%				
	3,000 - 4,999	10	12%	10	19%	19+3	50%		
	5,000 - 6,999	11	13%	11	21%	11	25%	23+3	70%
	7,000 +	11	13%	11	21%	11	25%	11	30%
	TOTAL	82	100%	53	65%	44	54%	37	45%
BS	< 3,000	59	44%	17+3	21%				
	3,000 - 4,999	23	17%	23	24%	29+3	38%		
	5,000 - 6,999	14	10%	14	15%	14	17%	32+3	48%
	7,000 +	38	28%	38	40%	38	45%	38	52%
	TOTAL	134	100%	95	71%	84	63%	73	54%
CG	< 3,000	268	68%	66+3	35%				
	3,000 - 4,999	34	9%	34	17%	67+3	42%		
	5,000 - 6,999	25	6%	25	13%	25	15%	69+3	51%
	7,000 +	70	18%	70	35%	70	42%	70	49%
	TOTAL	397	100%	198	50%	165	42%	142	36%
SE	< 3,000	179	46%	55+3	22%				
	3,000 - 4,999	54	14%	54	20%	75+3	33%		
	5,000 - 6,999	41	11%	41	15%	41	18%	89+3	45%
	7,000 +	114	29%	114	43%	114	49%	114	56%
	TOTAL	388	100%	267	69%	233	60%	206	53%
WG	< 3,000	51	38%	18+3	20%				
	3,000 - 4,999	17	13%	17	16%	24+3	29%		
	5,000 - 6,999	11	8%	11	11%	11	12%	26+3	35%
	7,000 +	55	41%	55	53%	55	59%	55	65%
	TOTAL	134	100%	104	78%	93	69%	84	63%
WY	< 3,000	151	56%	45+3	29%				
	3,000 - 4,999	31	11%	31	18%	52+3	38%		
	5,000 - 6,999	31	11%	31	18%	31	22%	63+3	53%
	7,000 +	58	21%	58	35%	58	40%	58	47%
	TOTAL	271	100%	168	62%	144	53%	124	46%
TOTAL	< 3,000	758	54%	219+18	27%				
	3,000 - 4,999	169	12%	169	19%	268+18	38%		
	5,000 - 6,999	133	9%	133	15%	133	17%	302+18	48%
	7,000 +	346	25%	346	39%	346	45%	346	52%
	TOTAL	1,406	100%	885	63%	775	55%	670	48%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table 5b. Hypothetical maximum consolidation of sablefish IFQs using 1995 TACs at sweep-up alternatives.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
AI	< 3,000	55,566	22%	53,982+1,584	22%				
	3,000 - 4,999	40,079	16%	40,079	16%	94,981+664	37%		
	5,000 - 6,999	65,649	25%	65,649	25%	65,649	25%	160,977+317	63%
	7,000 +	96,553	37%	96,553	37%	96,553	37%	96,553	37%
	TOTAL	257,847	100%	257,847	100%	257,847	100%	257,847	100%
BS	< 3,000	51,685	5%	50,983+702	5%				
	3,000 - 4,999	93,948	10%	93,948	10%	144,972+662	15%		
	5,000 - 6,999	81,031	9%	81,031	9%	81,031	9%	223,968+2,696	24%
	7,000 +	721,764	76%	721,764	76%	721,764	76%	721,764	76%
	TOTAL	948,428	100%	948,428	100%	948,428	100%	948,428	100%
CG	< 3,000	198,127	16%	197,934+193	16%				
	3,000 - 4,999	137,796	11%	137,796	11%	334,933+990	28%		
	5,000 - 6,999	149,903	12%	149,903	12%	149,903	12%	482,931+2,895	40%
	7,000 +	733,658	60%	733,658	60%	733,658	60%	733,658	60%
	TOTAL	1,219,484	100%	1,219,484	100%	1,219,484	100%	1,219,484	100%
SE	< 3,000	166,922	9%	164,945+1,977	9%				
	3,000 - 4,999	211,922	11%	211,922	11%	374,925+3,919	20%		
	5,000 - 6,999	246,710	13%	246,710	13%	246,710	13%	622,911+2,643	33%
	7,000 +	1,257,480	67%	1,257,480	67%	1,257,480	67%	1,257,480	67%
	TOTAL	1,883,034	100%	1,883,034	100%	1,883,034	100%	1,883,034	100%
WG	< 3,000	54,823	7%	53,982+841	7%				
	3,000 - 4,999	68,935	8%	68,935	8%	119,976+3,782	15%		
	5,000 - 6,999	62,846	8%	62,846	8%	62,846	8%	181,974+4,630	22%
	7,000 +	643,449	78%	643,449	78%	643,449	78%	643,449	78%
	TOTAL	830,053	100%	830,053	100%	830,053	100%	830,053	100%
WY	< 3,000	137,522	13%	134,955+2,567	13%				
	3,000 - 4,999	122,643	12%	122,643	12%	259,948+217	25%		
	5,000 - 6,999	183,093	18%	183,093	18%	183,093	18%	440,937+2,321	43%
	7,000 +	595,157	57%	595,157	57%	595,157	57%	595,157	57%
	TOTAL	1,038,415	100%	1,038,415	100%	1,038,415	100%	1,038,415	100%
TOTAL	< 3,000	664,645	11%	664,645	11%				
	3,000 - 4,999	675,323	11%	675,323	11%	1,329,735+10,234	22%		
	5,000 - 6,999	789,232	13%	789,232	13%	789,232	13%	2,113,698+15,502	34%
	7,000 +	4,048,061	66%	4,048,061	66%	4,048,061	66%	4,048,061	66%
	TOTAL	6,177,261	100%	6,177,261	100%	6,177,261	100%	6,177,261	100%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

When comparing the effects of sweep-up limits on numbers of blocks and IFQ pounds, note that the distribution of the QS/IFQ holders by IFQ category is quite different than the distribution of IFQ pounds by IFQ category. There are a relatively large number of QS holders with relatively small sized holdings. No consolidation actually occurs in the pounds, only the distribution of pounds into different sized blocks (Table 5b).

3.1.2 Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

Option A. 3,000 lb.

Under Alternative 2, Option A, total blocked QS across all regulatory areas could be hypothetically reduced to 55% of current levels (this can also be described as a reduction of 45%) (Table 4a). Most consolidation occurs in Areas 2C, 3A, and 3B (58, 50, and 52% of original QS blocks). Again using Area 3A as an example, note that consolidation under this option could reach a hypothetical maximum of 50%. Compared with the status quo (a total of 2,549 blocks and 6,973,816 lb), increasing the sweep-up limit to less than 3,000 lb reduces the potential total number of blocks to 1,280 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), 1,164 blocks of less than 1,000 lb plus 602 blocks between 1,000 - 2,999 lb (= 1,766 blocks) could be consolidated into 493 blocks of less than 3,000 lb with 4 remaining blocks (one each in vessel categories A, B, C, and D).

Option B. 5,000 lb.

Under Alternative 2, Option B (<5,000 lb), total blocked QS could be hypothetically reduced to 44% of current levels (or a reduction of 56%) (Table 4a). Most consolidation occurs in the same regulatory areas as under Option A at 47, 40, and 41% of current QS blocks. Again using Area 3A as an example, note that this option could result in consolidation to 40% of the status quo. Compared with the status quo (a total of 2,549 blocks and 6,973,816 lb), increasing the sweep-up limit to less than 5,000 lb reduces the hypothetical number of blocks to 1,027. Examining this at the level of IFQ sweep-up category (<5,000 lb), 1,164 blocks of less than 1,000 lb, plus 602 blocks between 1,000 - 2,999 lb plus 264 blocks between 3,000-4,999 lb (= 2,030 blocks) can be consolidated into 504 blocks of less than 5,000 lb with 4 remaining blocks (one each in vessel categories A, B, C, and D).

While it appears evident that the hypothetical maximum consolidation will never occur, increasing the sweep-up levels provides additional opportunities for increased consolidation. When comparing against the status quo, the number of QS blocks could hypothetically decrease by an additional 20% by increasing the sweep-up level to less than 3,000 lb (3,302); the number of QS blocks could hypothetically decrease by an additional 31% by increasing the sweep-up level to less than 5,000 lb (2,664).

In comparing the two options, note that increasing the sweep-up level from Option A (1,221 + 731 + 1,325 = 3,302 blocks) to Option B results in a hypothetical consolidation to 2,664 blocks in all halibut areas, affording an additional overall reduction of 19% ($2,664 \div 3,302$). Similar reductions occur in each area.

The greatest benefits, however, would accrue to QS holders who have already swept-up under the status quo, and would increase their swept-up blocks to the highest level allowed under either Alternative 2, Option A or Option B. No benefit would be accrued to those who have not and/or do not intend to sweep-up their small, blocked QS.

3.1.3 Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

Option A. 5,000 lb.

Under Alternative 3, Option A (5,000 lb), total blocked QS across all regulatory areas could hypothetically be reduced to 55% of current levels (this can also be described as a reduction of 45%) (Table 4a). Most consolidation could occur in the Central Gulf, West Yakutat, and Aleutian Islands (42, 53, and 55% of original QS blocks). Again using the Central Gulf area as an example, note that consolidation under this option could reach a maximum to 42% of original QS distribution. Compared with the status quo (a total of 397 blocks and 1,219,484 lb), increasing the sweep-up limit to less than 5,000 lb hypothetically reduces the total number of blocks to 165 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), the 268 blocks of less than 3,000 lb and 34 blocks between 3,000 - 4,999 lb (= 302 blocks) could be consolidated into 67 blocks of less than 5,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

Option B. 7,000 lb.

Under Alternative 3, Option B, total blocked QS could hypothetically be reduced to 36% of current levels (or a reduction of 45%) (Table 4a). Most consolidation occurs in the same regulatory areas as under Option A (36, 46, and 45% of original QS blocks). Again using the Central Gulf, note that consolidation under this option could reach a hypothetical maximum to 36% of original QS distribution. Compared with the status quo (a total of 397 blocks and 1,219,484 lb), increasing the sweep-up limit to less than 7,000 lb hypothetically reduces the total number of blocks to 142. Examining this further at the level of IFQ sweep-up category (<7,000 lb), 268 blocks of less than 3,000 lb plus 34 blocks between 3,000 - 4,999 lb plus 25 blocks between 5,000-6,999 lb (= 327 blocks) could be consolidated into 69 blocks of less than 7,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

While it appears evident that the hypothetical maximum consolidation will never occur, increasing the sweep-up levels provides additional opportunities for increased consolidation. When comparing against the status quo, the number of QS blocks could hypothetically decrease by an additional 14% by increasing the sweep-up level to less than 5,000 lb (775); the number of QS blocks could hypothetically decrease by 24% by increasing the sweep-up level to less than 7,500 lb (670).

In comparing the two options, note that increasing the sweep-up level from Option A (268 + 133 + 346 = 775 blocks) to Option B results in a hypothetical consolidation to 670 blocks in all halibut areas, affording an additional overall reduction of 14% (670 ÷ 775). Similar reductions occur in each area.

The greatest benefits, however, would accrue to QS holders who have already swept-up under the status quo, and would increase their swept-up blocks to the highest level allowed under either Option A or Option B. No benefit would be accrued to those who have not and/or do not intend to sweep-up their small, blocked QS.

3.2 Identification of the Individuals or Groups That May Be Affected by the Proposed Action

Quantitative identification of winners and losers under this alternative is not possible because information as to the intentions of specific individuals is not available. Nonetheless, Table 6 lists the numbers of current blocked QS holders in each regulatory area for sablefish and halibut. The 5,412 individuals or corporations who were issued halibut blocked QS and 1,315 individuals or corporations who were issued sablefish blocked QS may potentially be affected by the proposed management action. The numbers of potentially affected individuals are a hypothetical maximum, since not all QS holders are expected to utilize the proposed higher sweep-up levels. The effect of increasing the maximum size of swept-up blocks under the proposed alternatives for halibut and

sablefish is unknown. It is reasonable to assume, however, that for some QS holders the current levels are not sufficient to warrant sweeping-up since less than one percent of possible sweep-ups occurred in 1995. The results from a quota shareholder survey planned for early 1996 by the Alaska Department of Commerce and University of Alaska Anchorage/Institute of Social and Economic Research may address additional reasons for lack of QS consolidation.

3.3 QS Prices

A review of reported QS prices from commercial brokers indicate that prices vary by vessel category, size of halibut QS holdings, and regulatory area (Table 7). Some specific generalizations can be made: (1) blocked QS sold at lower prices than unblocked QS; and (2) smaller blocks of QS sold at lower prices than larger blocks.

Price data of transferred QS is not currently available from the NMFS Restricted Access Management Division, but is currently being analyzed by the State of Alaska Commercial Fisheries Entry Commission under contract by NMFS as part of the inter-agency State/Federal review of the first IFQ season. This report is scheduled for presentation to the Council in April 1996.

3.4 Unharvested IFQs

Unharvested QS are the likely source from which to increase sweep-up amounts under the proposed alternatives. As of December 20, 1995, 13% of halibut and 10% of sablefish remained of their respective quotas from the 1995 IFQ season (Table 8). After subtracting QS currently under appeal, remaining halibut and sablefish totaled 11% and 6%, respectively. Unharvested IFQ for halibut ranged between 8% in Area 3A and 29% in Area 4B, and for sablefish, between 1% in Southeast Alaska and 37% in the Aleutian Islands.

Many fishermen indicated they were leaving small QS blocks unfished because they were too small to warrant fishing, in areas that were remote, or where they no longer fished. Some fishermen waited until the end of the season and did not fish due to bad weather. Additionally, the marketplace was weak for transfers of small, blocked quota from fishermen who chose not to fish their QS to those who would have potentially harvested them. For halibut, 33% of all QS issuances

Table 6. 1995 halibut and sablefish blocked QS holders (Source: RAM).

HALIBUT		SABLEFISH	
AREA	TOTAL	AREA	TOTAL
2C	1,796	SE	343
3A	2,290	WY	256
3B	772	CG	371
4A	309	WG	134
4B	118	AI	80
4C	70	BS	131
4D	57	TOTAL	1,315
4E	0		
TOTAL	5,412		

Table 7. Reported prices for halibut and sablefish QS transactions (Source: Access Unlimited, Inc.).

Area	Vessel Category	B/U	Size	Price/lb
2C	B	B	1,000	\$7.80
2C	B	U	<1,000	\$6.70-7.00
2C	C	B	<5,000	\$5.50-6.00
2C	C	B	5,000-10,000	\$7.15-8.00
2C	C	U	1,000	\$7.75-7.80
2C	D	B	<5,000	\$4.50-6.50
3A	B	B	7,000-12,000	\$5.00-6.70
3A	B	U	10,000	\$7.25
3A	C	B	500-3,000	\$5.50-6.25
3A	C	B	10,000-15,000	\$6.40-6.50
3A	C	U	12,000	\$6.75
3A	D	B	5,000	\$7.00
3A	D	U	2,000	\$7.53
3B	B	B	2,000-6,000	\$5.00-6.25
3B	C	B	1,000	\$5.00
3B	C	U	20,000	\$8.00
3B	D	B	2,000	\$4.50-5.00
4A	B	B	5,000-10,000	\$5.00-5.50
4A	B	B	10,000-15,000	\$6.25
4A	D	B	5,000	\$5.00
4B	B	B	10,000-15,000	\$5.00
CG	B	U	20,000	\$6.25
CG	C	U	30,000	\$5.50
EY	C	B	<5,000	\$6.00
SE	C	B	1,000	\$7.00
WY	B	U	1,000	\$7.00
WY	B	U	40,000	\$6.00
WY	C	B	1,000	\$5.50
WY	C	B	5,000-10,000	\$5.80

Table 8. 1995 halibut and sablefish IFQ allocations, landings and percent of quota remaining (Source:RAM).

Halibut	TAC			Reserve IFQ Pounds	Percent of Allocation	Remaining - Reserve	Percent Remaining
	Allocation Pounds	Remaining Pounds	Percent Remaining				
2C	9,000,000	1,194,540	13%	10,595	0.1%	1,183,945	13%
3A	20,000,000	1,975,563	10%	322,008	1.6%	1,653,555	8%
3B	3,700,000	495,803	13%	71,285	1.9%	424,518	11%
4A	1,950,000	373,637	19%	81,390	4.2%	292,247	15%
4B	1,848,000	533,417	29%	4,160	0.2%	529,257	29%
4C	385,000	85,559	22%	0	0.0%	85,559	22%
4D	539,000	107,232	20%	0	0.0%	107,232	20%
4E	0	0	0%	0	0.0%	0	0%
Total	37,422,000	4,765,751	13%	489,438	1.3%	4,276,313	11%
Sablefish							
SE	12,996,900	842,475	6%	678,610	5.2%	163,865	1%
WY	8,586,917	572,465	7%	415,299	4.8%	157,166	2%
CG	15,167,648	1,176,437	8%	550,817	3.6%	625,620	4%
WG	4,585,568	710,268	15%	293,888	6.4%	416,380	9%
AI	2,190,072	957,666	44%	138,853	6.3%	818,813	37%
BS	1,410,944	408,301	29%	0	0.0%	408,301	29%
Total	44,938,049	4,667,612	10%	2,077,467	4.6%	2,590,145	6%

were less than the sweep-up level of 1,000 lb; for sablefish, 34% were less than the 3,000 lb sweep-up level (Table 2).

An examination of completely unfished halibut and sablefish IFQ permits by area and size of blocked and unblocked IFQs further illustrates the amount of IFQ left unharvested (Tables 9a and 9b). The majority of unused QS in 1995 resided in small blocks. The number of unfished permits in 1995 was greatest for recipients who were issued halibut IFQs less than 1,000 lb, for both blocked and unblocked IFQs. Where recipients were issued halibut IFQs greater than 10,000 lb, only Area 4B had a high percentage that were not fished at all. Permit usage followed a similar pattern for sablefish, although more permits were left completely unfished at all amounts of IFQ issuances, particularly in the Bering Sea, Aleutian Islands, and Western Gulf.

For halibut, 81% of QS permits for blocked IFQs less than 1,000 lb went completely unfished in 1995; 50% of permits for all sized blocks went unfished (Table 9a). Permits that were issued for holders of both blocked and unblocked ("B&U" in Table 9a and 9b) had much higher use levels. Only 35% of permits for blocked and unblocked QS less than 1,000 lb were unused, and only 6% of all permits of all sized blocked and unblocked QS went completely unfished. While 95% of unblocked IFQs of the same size went unfished, these IFQs primarily resulted from fishermen receiving very small, but unblocked, QS pieces as compensation for reduced QS in the Bering Sea as a result of the halibut and sablefish Community Development Quota program. Overall, 56% of unblocked permits were unused in 1995.

A use pattern is discernable for QS permits; the smaller the associated IFQ, the less likely they were to be completely used. Note that these data do not include partially used permits (i.e., where only some of the issued IFQs were harvested).

Table 8a. Number of unfished halibut permits by area, type*, and size of IFQ holding (Source:RAM).
 (*Blocked, Blocked&Unblocked, or Unblocked)

HALIBUT		Under 1k			1 To 5k			5 To 10k			Over 10k			Total		
Area	QS*	total	unfished	%	total	unfished	%	total	unfished	%	total	unfished	%	total	unfish	%
2C	B	682	493	72%	611	138	23%	254	6	2%	106	1	1%	1,653	638	39%
2C	B&U	11	5	45%	56	4	7%	52	-	0%	72	-	0%	191	9	5%
2C	U	180	160	89%	44	14	32%	1	-	0%	84	-	0%	309	174	56%
3A	B	1,085	913	84%	690	225	33%	290	18	6%	113	2	2%	2,178	1,158	53%
3A	B&U	14	4	29%	63	11	17%	37	-	0%	124	1	1%	238	16	7%
3A	U	91	90	99%	13	11	85%	7	3	43%	292	3	1%	403	107	27%
3B	B	349	296	85%	280	94	34%	68	9	13%	47	3	6%	744	402	54%
3B	B&U	4	1	25%	17	2	12%	15	-	0%	26	-	0%	62	3	5%
3B	U	127	123	97%	4	4	100%	-	-	0%	36	-	0%	167	127	76%
4A	B	78	65	83%	139	79	57%	41	6	15%	35	2	6%	293	152	52%
4A	B&U	2	1	50%	12	2	17%	4	-	0%	6	-	0%	24	3	13%
4A	U	136	130	96%	2	-	0%	1	-	0%	18	-	0%	157	130	83%
4B	B	20	19	95%	46	43	93%	32	16	50%	17	4	24%	115	82	71%
4B	B&U	-	-	0%	-	-	0%	1	-	0%	4	-	0%	5	-	0%
4B	U	-	-	0%	-	-	0%	-	-	0%	26	3	12%	26	3	12%
4C	B	21	17	81%	39	24	62%	11	2	18%	-	-	0%	71	43	61%
4C	B&U	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%
4C	U	-	-	0%	-	-	0%	-	-	0%	10	-	0%	10	-	0%
4D	B	9	9	100%	25	21	84%	19	8	42%	5	-	0%	58	38	66%
4D	B&U	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%
4D	U	-	-	0%	-	-	0%	-	-	0%	10	-	0%	10	-	0%
Total	B	2,691	2,192	81%	2,295	840	37%	856	96	11%	422	21	5%	6,264	3,149	50%
Total	B&U	37	13	35%	177	23	13%	129	-	0%	268	1	0%	611	37	6%
Total	U	797	756	95%	69	33	48%	10	3	30%	556	9	2%	1,432	801	56%

Table 8b. Number of unfished sablefish permits by area, type*, and size of IFQ holding (Source:RAM).
 (*Blocked, Blocked&Unblocked, or Unblocked)

SABLEFISH		Under 1k			1 To 5k			5 To 10k			Over 10k			Total		
Area	QS*	total	unfished	%	total	unfished	%	total	unfished	%	total	unfished	%	total	unfish	%
AI	B	24	22	92%	32	22	69%	19	6	32%	1	-	0%	76	50	66%
AI	B&U	10	-	0%	1	1	100%	-	-	0%	4	1	25%	15	2	13%
AI	U	-	-	0%	3	1	33%	1	-	0%	41	4	10%	45	5	11%
BS	B	37	32	86%	44	18	41%	20	9	45%	29	3	10%	130	62	48%
BS	B&U	-	-	0%	-	-	0%	1	-	0%	2	1	50%	3	1	33%
BS	U	-	-	0%	-	-	0%	-	-	0%	6	-	0%	6	-	0%
CG	B	181	121	67%	91	27	30%	47	7	15%	23	1	4%	342	156	46%
CG	B&U	1	-	0%	5	1	20%	5	-	0%	60	1	2%	71	2	3%
CG	U	17	16	94%	4	2	50%	3	1	33%	160	1	1%	184	20	11%
SE	B	98	78	80%	89	17	19%	65	4	6%	43	-	0%	295	99	34%
SE	B&U	-	-	0%	14	2	14%	8	-	0%	78	-	0%	100	2	2%
SE	U	63	56	89%	17	8	47%	8	1	13%	176	6	3%	264	71	27%
WG	B	29	26	90%	32	18	56%	28	13	46%	30	7	23%	119	64	54%
WG	B&U	-	-	0%	5	-	0%	-	-	0%	15	1	7%	20	1	5%
WG	U	40	34	85%	3	2	67%	-	-	0%	35	1	3%	78	37	47%
WY	B	84	63	75%	72	27	38%	53	6	11%	22	1	5%	231	97	42%
WY	B&U	1	-	0%	6	1	17%	6	-	0%	23	-	0%	36	1	3%
WY	U	33	30	91%	9	4	44%	2	-	0%	108	2	2%	152	36	24%
Total	B	769	573	75%	584	191	33%	364	65	18%	243	16	7%	1,960	845	43%
Total	B&U	13	-	0%	50	8	16%	34	-	0%	322	6	2%	419	14	3%
Total	U	233	208	89%	57	27	47%	25	4	16%	868	21	2%	1,183	260	22%

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Similar effects are shown in Table 8b for sablefish. Data were not readily available for the current sweep-up level (i.e., 3,000 lb), but 75% of blocked QS permits under 1,000 lb were completely unused. And 43% of permits of blocked QS of all sizes went unfished. For unblocked QS permits, 89% for QS under 1,000 lb and 22% overall remained completely unfished by the end of 1995. Again, unblocked QS under 1,000 lb are likely to be CDQ compensation QS.

Amendments 32/36 implemented changes to the IFQ program intended to increase the remunerative value of CDQ compensation QS by relieving the existing transfer restrictions by (1) exempting some CDQ compensation QS from the block provision, and (2) allowing some CDQ compensation to be transferred across vessel categories. The one-year exemption was approved on December 22, 1995, however, some QS have already been transferred since this action was a lessening of government restrictions. More unused, unblocked CDQ compensation QS are expected to be transferred in 1996.

An examination of use rates of State of Alaska Commercial Fishery Entry Commission limited entry permits in selected fisheries for 1993 (most recently available data) indicate that the seemingly high percentage of unused IFQ permits are not unprecedented (Table 10). For State of Alaska limited entry salmon and herring fisheries, unused permits ranged between 2 and 52% for all reported areas in 1993.

Table 10. Use rates of limited entry fishery permits from selected State of Alaska fisheries (Source: CFEC*).

<u>Fishery</u>	<u>Unused permits</u>
Salmon, seine	23%
Salmon, gill net	15%
Salmon, drift gill net	2%
Salmon, set net	9%
Herring, sac roe seine	41%
Herring, sac roe gill net	52%

*1993 data for available areas

3.5 Administrative, Enforcement, and Information Costs

No additional administrative, enforcement, or information costs are expected either under the status quo (Alternative 1) or from the proposed action (Alternatives 2 or 3). The actual number of QS holders is expected to decrease under any of the options under Alternatives 2 or 3 as some QS holders of very small blocked QS are likely to transfer their very small blocks for consolidation under a higher sweep-up level.

4.0 INITIAL REGULATORY FLEXIBILITY ANALYSIS

The objective of the Regulatory Flexibility Act is to require consideration of the capacity of those affected by regulations to bear the direct and indirect costs of regulation. If an action will have a significant impact on a substantial number of small entities, an Initial Regulatory Flexibility Analysis must be prepared to identify the need for the action, alternatives, potential costs and benefits of the action, the distribution of these impacts, and a determination of net benefits.

NMFS has defined all fish harvesting businesses that are independently owned and operated, not dominant in their field of operation, with annual receipts not in excess of \$2 million as small businesses. In addition, seafood processors with 500 employees or less, wholesale industry members with 100 members or less, not-for-profit enterprises, and government jurisdictions with a population of 50,000 or less are considered small entities. A "substantial number" of small entities would generally be 20% of the total universe of small entities affected by the regulation. A regulation would have a "significant impact" on these small entities if it resulted in a reduction in annual gross revenues by more than 5%, annual compliance costs that increased total costs of production by more than 5%, or compliance costs of small entities that are at least 10% higher than compliance costs as a percent of sales for large entities.

If an action is determined to affect a substantial number of small entities, the analysis must include:

- (1) description and estimate of the number of small entities and total number of entities in a particular affected sector, and total number of small entities affected; and
- (2) analysis of economic impact on small entities, including direct and indirect compliance costs, burden of completing paperwork, or record keeping requirements, effect on the competitive position of small entities, effect on the small entity's cash flow and liquidity, and ability of small entities to remain in the market.

4.1 Economic Impact on Small Entities

These impacts do not appear to be significant within the meaning of the Act. They are not likely to lead to a reduction in the gross revenues received by the small business sector of the fleet.

5.0 LITERATURE CITED

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6.0 LIST OF AGENCIES AND INDIVIDUALS CONSULTED

Jesse Gharrett
Frank Pfeifer
NMFS RAM Division
P.O. Box 21668
Juneau, Alaska 99802-1668

Ben Muse
State of Alaska
Commercial Fisheries Entry Commission
8800 Glacier Highway #109
Juneau, Alaska 99801

Linda Kozak
Access Unlimited, Inc.
234 Gold Street
Juneau, Alaska 99801

7.0 LIST OF PREPARERS

Jane DiCosimo
Diane Provost
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, Alaska 99501

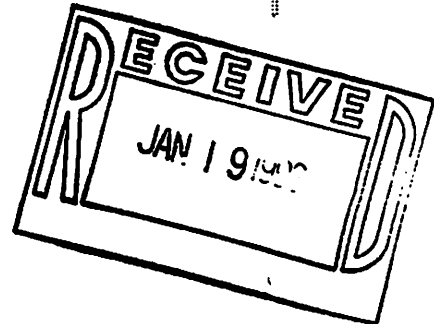


Alaska Longline Fishermen's Assoc.

P.O. Box 1229 Sitka, AK 99835 (907) 747-3400

January 18, 1996

Rick Lauber, Chairman
NPFMC
605 West 4th Ave. Suite 306
Anchorage AK, 99501-2252



Dear Chairman Lauber,

On behalf of the Alaska Longline Fishermen's Association, I would like to submit the following comments on the proposed **IFQ Buy-Down Amendment**.

ALFA members recognize that the industry has had only one year of experience with the new IFQ program, and that both fishermen and affected communities are still learning about the program and the opportunities it presents. Therefore ALFA members strongly advocate a "go slow" approach until everyone involved has time to further understand and adjust. Major changes should be limited to those necessary to remedy only the most glaring problems during this learning period.

In evaluating the Buy-Down Amendment, ALFA members focused on the problem statement. As stated, the problems to be addressed are two fold: First and foremost, in some areas medium to large size blocks are scarce to nonexistent in the small boat vessel categories. Second, B category vessels have experienced difficulties in selling or utilizing small blocks. An additional benefit of the Buy-Down would be the increased flexibility afforded to deckhands. We found Table 1 on page 8 particularly useful in evaluating the efficacy of the buy-down relative to these problems.

Table 1 clearly makes the case that medium to large sized blocks are in short supply in the small boat categories west of area Area 3A in halibut and the SEO Area in sablefish. To address this problem, ALFA supports the Buy-Down Amendment for these areas.

In Area 2C, 3A (halibut), and the SEO area (sablefish), however, Table 1 shows that the bulk of the quota is already in the C and D categories. Therefore the primary problem identified as justification for the by-down does not exist in these areas. Given the likelihood that this proposal will increase the price of B shares and may decrease the value of B vessels, ALFA members did not believe the benefits of the Buy-Down outweighed the costs. Therefore **ALFA does not support** adopting the Buy-Down Amendment in **Areas 2C and 3A for halibut and the SEO Area for sablefish.**

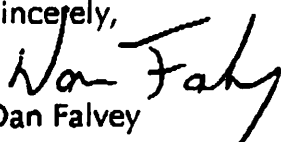
The other goals of the Buy-Down, such as increased flexibility for crew members and allowing blocks to be sold to smaller vessels which can economically fish them, may be addressed by allowing a Buy-Down in 2C, 3A and the SEO area for blocks **less than 5,000 lb.** The tables in the appendix show that in the B category there are 105 blocks less than

5,000 lb in 2C, 113 blocks less than 5,000 lb in 3A, and 79 less than 5,000 lb in the SEO area. If the Buy-Down were allowed for these small blocks, B category QS holders may find ready markets among crewmen and owners of smaller vessels who could economically fish these small blocks. ALFA would support this limited Buy-Down in 2C, 3A and SEO.

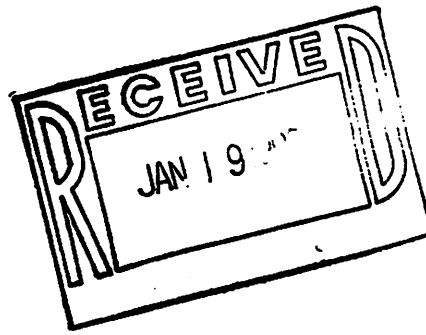
In summary Mr. Chairmen, ALFA supports amending the QS plan to allow the Buy-Down in the areas where it addresses an identified problem. To our membership, those areas are to the west of 2C and 3A for halibut, and to the west of SEO for sablefish. In 2C, 3A and SEO we support a buy-down of IFQ less than 5,000 lb, believing it addresses the second part of the problem statement without compounding problems faced by B category QS holders in these areas who have already found large blocks to be in short supply.

Thank you for the opportunity to comment.

Sincerely,


Dan Falvey

Dan Vick
P.O.Box 1271
Petersburg, Ak. 99833



January 15, 1996

Rick Lauber,

I am the owner of the 74 foot fishing vessel the F/V Frigidland, and have been fishing halibut for the past 10 years. I am in favor of the Buy Up Amendment.

I have talked to a few other fishermen who own tenders and fishing boats (Class B) in Petersburg, and most of them feel Like I do. Most of the Class B fishermen have been fishing a long time and have the IFQ's they want.

I feel when you do the Buy Up Amendment, that you should do it in all areas. It's not fair to fishermen.

Later on in my career I would like to fish a smaller vessel class C with my 2C-class B halibut. I think most fishermen would want to buy the class their boat is in first, then try another. I know I would!

Thank You,

Dan Vick

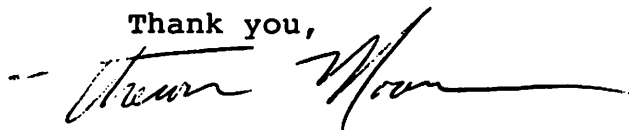
6590 Glacier Hwy #5
Juneau, Alaska 99801
January 10, 1995

Mr. Richard Lauber, Chairman
North Pacific Fisheries Management Council
Anchorage, Alaska

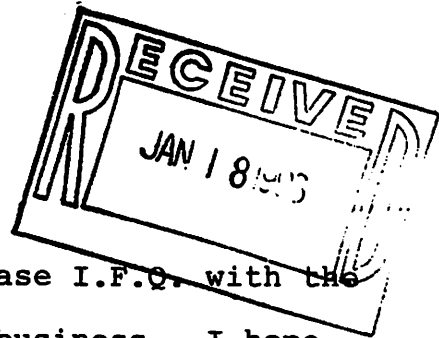
Dear Mr. Lauber:

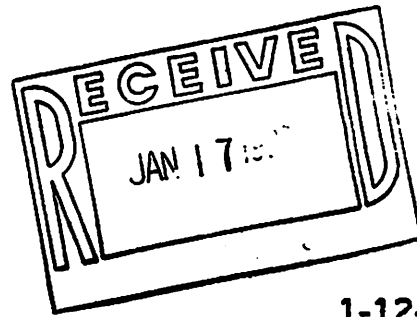
I am an crewmember who intends to purchase I.F.Q. with the intent to get more invested in the fishing business. I hope the Council will pass my being able to fish my own vessel, when I am able to purchase one. I am currenty crewing on an over 60' vessel and would like to use my I.F.Q. on that vessel as a crew person and save my money to purchase a smaller vessel. It would be nice to use my B class IFQ on a smaller vessel in the future with the option to buy a larger vessel later.

Thank you,



Theron Moore





**Kelly Brennan
Eclipse Inc.**

1-12-96

**Rich Laubber
North Pacific Fisheries Council**

This letter is in response to the amendment of "down grading" from large class vessels to smaller class vessels.

This item is particularly important for the people who live on the Pribilof Islands and western Aleution Chain. It would also help the smaller coastal fleet in Alaskan ports and those out of state. The state economy will see the benefits because of increased labor and fish being landed. It could realize up to 10% more work units to produce the IFQ harvest.

Basically, several large class vessels ended up with nearly all, or over the maximum amount allocated IFQ in areas 4A, 4B, 4C, and 4D.

Those maximum amounts are not large, however, and in some cases, not enough to make the 1600 mile trip desirable or even worth the time and expense.

This situation where the quotas are not large, especially with Halibut, is very prominent in the Bering Sea and Aleution Islands.

There is a small boat fleet out west that has been functioning quite well in and around all the villages and areas in between. These people should have the option to acquire additional shares. They cannot have and maintain large class vessels for several obvious reasons. That is why for them, small boats are practical, as the have been for thousands of years.

The way it seems from an inside point of view is that this practical and fish friendly solution to a major problem is almost complete, but has some rough areas. This issue is one of the larger problems because it affects almost everyone in the business. It will always keep the system disorganized for many fisherman. People will not have a complete and smooth program.

I am a long standing member of the Fishing Vessel Owners Association and prior to that a member of the Deep Sea Fisherman s Union since 1976. My views are not completely in line with those of my colleges, however, I cannot see any practical reason why it would be good to continue on with a unforeseen moratorium stipulation problem.

There seems to be alot of emotions associated with this issue, but from a practical point of view, we should work out these problems when they come to light, and make this a very "working" management venture.

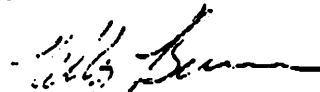
IN 1995, my fishing vessel, The Eclipse ended the season with 32,000 lbs. of IFQ left on the table. Approximately \$85 - 95,000 that could have been utilized in the economy. I realize it would be virtually impossible to not leave product on the table every year, but this would help keep that percentage lower.

These "Leftover" IFQ's range from Southeast Alaska, through out the Gulf of Alaska, the Western Aleutions and the Bering Sea. It would be nice for everyone involved in moratorium to be able to exchange IFQ and CDX shares and balance out their seasons.

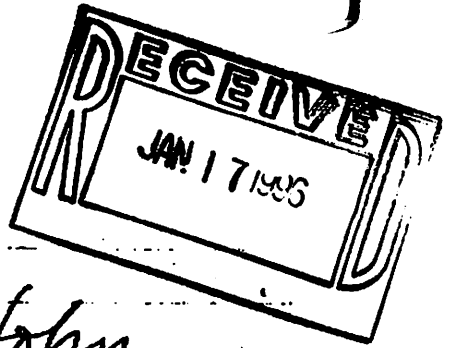
I would like to transfer shares to the peoples of St. George Island, ~~Atka~~, and to my brother.

I am sure that the best and most practical solution will be acknowledged during your discussions at the end of the month and hopefully put into transcript.

Thank you.



Kelly Brennan
Owner/President
Eclipse Inc.



John Maher.
F/V Leeward owner.
231 Katikan M-37
Sitka, AK 99835
ALFA member

To: NPFMC:

Dear members:

My Brother (Richard) and I
have fished the 52' F/V Ranger

~~together from 1973-1991 and~~
obtained IFQ's. Richard sunk his
97' F/V King + Wing and would again
like to fish my 56' F/V Leeward
because of efficiency, family and
style.

We very much support a
down sizing amendment for our
future plans for IFQ's.

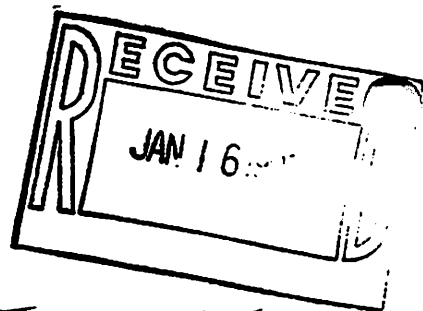
Sincerely
John T. Maher
1-17-95

To: NPFMC
We support John
Maher's proposal for
the down sizing
amendment.

Morgan Doubleday
808 329 3867

P.1
'96-01-17 18:20 H

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
605 WEST 4TH AVE
ANC. AK.



DEAR MR. CHAIRMAN + COUNCIL

I AM AN ENTRY LEVEL FISHERMAN TRYING TO ENTER
THE IFQ MARKET.

AFTER READING YOUR DRAFT FOR THE BYDOWD
AND SHOPPING THE MARKET FOR ZC C VSL
HALIBUT IFQ, I URGE YOU TO SUPPORT AND VOTE
IN THIS IMPORTANT BYDOWD DECISION

THE ZC C VSL MARKET IS NONEXISTENT
FOR ANYTHING OVER 2000 LB'S. PEICES.

I HAVE SEEN IN EXCESS OF 50,000 LBS
ZC B VSL SWANS ADVERTISED AND AVAILABLE.

PLEASE HELP MAKE THEM AVAILABLE
TO THOSE OF US WHO DID NOT QUALIFY
FOR IFQ.

PLEASE DO NOT EXCLUDE S.E. OF
THIS IMPORTANT DECISION.

SINCERELY

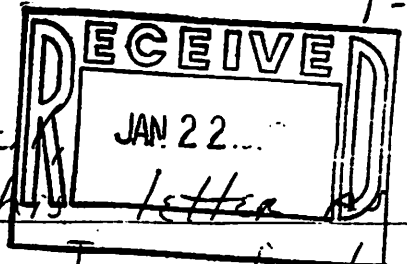
BRUCE MARIFREN

BRUCE MARIFREN

Box 917

PSG AK. 99833

1-11-96



Members of the Council
I am writing this letter as a follow up to a letter I wrote last fall concerning the buy-down proposal.

I still believe the Idea is a good one and would benefit more fishermen than it would hurt. There is definitely a need for the buy-down in the western AREAS. But after reading the research analysis and attending a meeting of the Alaska Longline Fishermens' Association held in Sitka I was made aware of the difference in the availability of halibut shares in the 'B' cat. from western areas to SE

There was a good suggestion made allocating the buy-down in Southeast (2c + 3a) for small blocks only. (blocks < 5000) This would accomodate for the problem the 'B' cat vessels could face and still accomplish all of the already specific goals.

Thank you for your time spent on this matter.

George R. Veneroso
George R. Veneroso

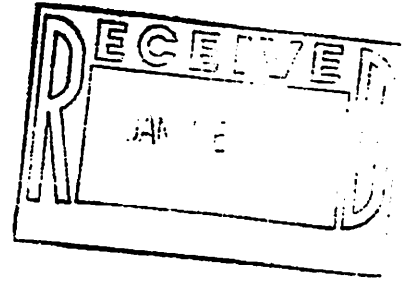
Geo. R. Veneroso
620 Monastery St.
Sitka AK 99875

Queen Anne Fisheries, Inc.

1939 Eighth Avenue West
Seattle, Washington 98119

(206) 284-9158

fax (206) 282-6175



F/V Masonic
Mark S. Lundsten

January 10, 1996

Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West Fourth Avenue, Suite 306
Anchorage, Alaska 99501

Dear Rick,

I think the current "buy-down" proposal for the halibut/sablefish IFQ program inadequately addresses a problem that should be solved in a more thorough fashion.

The problem, as I understand it, is that some boats have blocks of quota that are too small to be fished effectively. These boats need access to larger blocks of quota or to larger pieces of unblocked quota. Allowing the smaller boats access to the larger boats' quota could help that problem. But, the difficulty with that particular "solution" is the whole new set of problems it creates, problems already stated in public testimony by members of both the Fishing Vessel Owners' Association and the Deep Sea Fishermen's Union. Rather than simplifying the bells and whistles of the IFQ program, the "buy-down" proposal complicates them.

So, instead of a one-way valve for quota to go from big boats to small boats, but not from small boats to big boats, I propose a fuller set of changes that I think would allow the system more flexibility to distribute quota in either direction as conditions demand.

For Gulf of Alaska sablefish and for Areas 2C, 3A, and 3B halibut:

- *1 - In the halibut fleet, allow 35' and under vessels to buy and use quota from any other vessel class. Do not allow 35' and over vessels to buy and use quota from any vessel class except those over 35'.*
- *2 - Allow non-freezer boats under 60' and over 60' to trade halibut and sablefish quota freely, with no restrictions except for #1.*

- *3 - Allow ownership of any number of blocks up to a maximum of 40,000 pounds for any species in any area if the vessel has no unblocked quota in that area or to a maximum of 20,000 pounds if a vessel also has unblocked quota in that area.*

For BS/AI sablefish and for Area 4 halibut:

- *4 - Eliminate both the block plan and vessel size categories. Retain the freezer and non-freezer vessel categories.*
- *5 - Change the cap for Area 4 halibut from 1/2 of 1% of the Area 4 quota to somewhere near 100,000 pounds.*
- *6 - Allow any quota-holder to lease up to 50% of their sablefish quota in AI or BS areas and up to 50% of their halibut quota in Area 4.*

Proposals #1 allows the halibut quotas of gillnetters, trollers, and skiffs to be supplemented (as per the conditions of #3) from any of the larger vessel classes - a different version of the current "buy-down" proposal.

Proposal #2 basically eliminates the 60' distinction, putting halibut schooners and limit seiners in the same class -- a realistic assessment, I think. Further, it allows the 35'-60' boats access to the 60' and over boats' quota and vice versa. Currently, the buying pressure appears to be coming from the 35'-60' class.

Proposal #3 is, in my mind, the logical extension of the 20,000 pound boundary between blocked and unblocked quota in the original allocation. It will result in the consolidation of quota in proper sizes for economically effective use. Quota in "unfishable," small sizes is exactly the problem we now face.

Especially with the severely cut quotas in both the AI and BS areas for sablefish, the block proposal is a legislated inefficiency that often precludes the combination of any set of blocks to make a trip viable. Proposal #4 would allow those who want to sell the chance to do so and those who wish to buy the same chance. As the rules are now, it is next to impossible to do either in many cases. Elimination of the size categories allows the CDQ boats access both to the quota of larger vessels (the stated intention of some CDQ operations) as well as a larger market for quota they wish to sell.

The current and very small cap on halibut for Area 4 makes any future purchase of halibut shares essentially a purchase of halibut bycatch, not the original intent of the caps. Some adjustment for all of Area 4 to something like Proposal #5 is much more consistent with all the other caps and with historical catches.

The extra time necessary to cover greater distances, the increased hazards (tides, weather, and whales), lower catch rates, and the overall greater risk and expense of fishing in these western areas significantly increases the potential for a poor trip. Hence, proposal #6 makes a safety valve for unharvested quota when a boat suffers such a trip and doesn't have enough quota to make another run out the chain worthwhile.

Thank you for your consideration.

Sincerely,



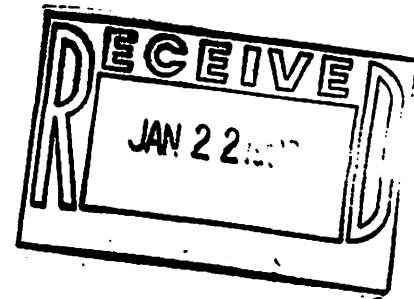
Mark S. Lundsten

**FISHING VESSEL OWNERS' ASSOCIATION
INCORPORATED**

ROOM 232, WEST WALL BUILDING • 4005 20TH AVE. W.
SEATTLE, WASHINGTON 98199-1290

SINCE 1914

January 16, 1996



Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 W. 4th Ave., Suite 306
Anchorage, AK 99501-2252

Dear Chairman Lauber:

The following comments reflect the views of the members of the Fishing Vessel Owners' Association (FVOA) with regards to the "buy-down" amendment to the Halibut/Sablefish IFQ program. The Association members are currently opposed to this option being a stand alone action before the Council at this time, and recommend a more comprehensive set of options for Council action to remedy several problems that your Implementation Committee has already identified.

There have been many who have testified and the Council has been in receipt of the "Implementation Committee's" recommendation to changes to the IFQ program. It is the opinion of the FVOA members that the buy-down program will put individuals with 60 foot harvesting vessels in a competitive disadvantaged position in relation to the other IFQ categories. If the current buy-down option is approved, we fear that the current "B" category QS holders of which there appears to be about a thousand, will be competing against about 6 to 7,000 QS holders in the "C and D" categories for halibut, who will be able to shop for Category B and fish the QS on smaller vessels.

The buy-down option will create an artificially high value for Category B QS, which will only benefit those leaving the industry and increase entry costs for small vessel owners and crews associated with Category B QS. The proposed action, without reasonable sweep up provisions, will do nothing to free up the unharvested 4,500,000 pounds of halibut last year, nor the unharvested 4,000,000 pounds of sablefish. The unharvested amounts are significantly held by those who have small allotments of QS and there is a likelihood that those small amounts of QS are not economically viable to fish. A reasonable sweep-up limit as recommended by the "Implementation Committee" would free up almost 4,000,000 pounds of halibut held in small units and 2,000,000 pounds of sablefish also held in small units significantly found in the small vessel class sizes C and D. (RAM identified about 2,000,000 lbs. Of blackcod and 400,000 lbs. of halibut not being harvested due to appeals).

The Council should consider including an amendment to change the Bering Sea ownership cap. The vessels that have historically fished the Bering Sea have been generally vessels greater

FAX
(206) 283-3341

LATITUDE: 47° 39' 36" NORTH

DIAL "A VESSEL"
(206) 283-7735

LONGITUDE: 120° 22' 58" WEST

than 60 feet in length. The current second generation ownership limitation restricts ownership in Area 4 to about 25,000 pounds, (one-half of a percent of the Area 4 quota). This is not a reasonable ownership cap. The Implementation Committee recommended a level of ownership reflective of what vessels had historically landed and needed to attract a crew in this remote area. The Committee recommended an analysis at 2 percent of the area 4 quotas which would be equivalent to about 100,000 lbs. Area 4 quota is not going to trade easily with the existing ownership limits and if the Council makes a change with regards to the buy-down option and not take action on this Bering Sea issue, the B class QS holders and people who own vessels greater than 60 feet will be negatively impacted.

The Association recommends that the Council take a more comprehensive approach to the amendment process and incorporate the following options for a comprehensive amendment approach: (1) Reasonable sweep-up provisions, which could make up to 6 million pounds of halibut and sablefish economically viable; this would increase usable supplies of QS. (2) Provide for realistic ownership caps in the Bering Sea for Halibut; and (3) Include the current buy-down option. All of these should be in one package of the amendments. If the Council takes only action on the buy-down provision, the vessels in the B category will be put at an economic disadvantage as well as potential B class QS owners who are in the market for additional quota shares. If the Council only takes action on the buy-down option, there will still be up to 6 million pounds of halibut and sablefish locked into economically unviable QS amounts, which will have the effect of driving the price up of all QS. With regard to Area 4 halibut, Category B vessel owners will not have any viable ability to seek purchases of halibut in the Bering Sea due to an unreasonable ownership cap. A vessel owner cannot commit their vessel to Bering Sea operations with a 25,000 lb. ownership cap.

Sincerely,



Robert D. Alverson
Manager

RDA:cb

REVISED

January 29, 1996

MEMORANDUM TO: For the Record

FROM: Jessica Gharrett
Operations Manager, RAM Division

SUBJECT: 1996 IFQ/CDQ halibut and sablefish allocations

Following are preliminary amounts of fish available for the 1996 Individual Fishing Quota (IfQ) and Community Development Quota (CDQ) fisheries. Halibut amounts were adopted by the International Pacific Halibut Commission (IPHC) and sablefish amounts were adopted by the North Pacific Fishery Management Council (Council); as of 1/29/96, these amounts have not been approved by the Secretary of Commerce.

1996 HALIBUT QUOTAS

Area	Total TAC Net Pounds	IFQ Percent	IFQ Amount	CDQ Percent	CDQ Net Pounds
2C	9,000,000	100%	9,000,000	0	0
3A	20,000,000	100%	20,000,000	0	0
3B	3,700,000	100%	3,700,000	0	0
4A	1,950,000	100%	1,950,000	0	0
4B	2,310,000	80%	1,848,000	20%	492,000
4C	770,000	50%	385,000	50%	385,000
4D	770,000	70%	539,000	30%	213,000
4E	120,000	0%	0	100%	120,000

1996 SABLEFISH QUOTAS

Area	Total TAC (mt)	Fixed Gear TAC (mt)	IFQ Percent	IFQ Pounds	CDQ Percent	CDQ Pounds
SE	4,940	4,693	100%	10,346,188	0%	0
WY	3,040	2,888	100%	6,366,885	0%	0
CG	6,900	5,520	100%	12,169,392	0%	0
WG	2,200	1,760	100%	3,880,096	0%	0
AI	1,200	900	80%	1,587,312	20%	396,828
BS	1,200	550	80%	970,024	20%	242,506

News Release



P.O. BOX 95009, SEATTLE, WASHINGTON 98145-200

January 26, 1996

HALIBUT COMMISSION COMPLETES 1996 ANNUAL MEETING

The International Pacific Halibut Commission completed its 72ND Annual Meeting in Bellevue, Washington, with Steven Pennoyer of Juneau, Alaska presiding as chairman. The Commission received regulatory proposals for 1996 from the scientific staff, Canadian and United States fishermen and processors, and other fishery agencies. The Commission has a long history of acting responsibly and conservatively on behalf of the halibut resource. Given a high degree of uncertainty regarding the halibut biomass assessments this year, the Commission adopted a precautionary approach in setting catch limits for 1996. The precautionary approach to fisheries management has recently been incorporated into a new global fisheries treaty - the United Nations Agreement on Straddling Fish Stocks and Highly Migratory Fish Stocks. Canada and the United States are signatories.

The Commission reviewed concerns about the impact of bycatch on halibut stocks and the serious efforts taken by both Parties to reduce halibut bycatch mortality. The Canadian delegation expressed its disappointment that the United States had not achieved greater reductions since the end of 1993. Canada and the United States adopted a joint resolution to reaffirm their 1991 commitment to progressively reduce halibut bycatch mortality. The Commission agreed to convene a special meeting of the Parties in June 1996 to review the effectiveness and further develop each country's bycatch reduction programs and to consider new procedures to compensate the halibut biomass for losses due to bycatch mortality. The Commission also agreed to convene a joint meeting with the North Pacific Fishery Management Council in June 1996 to discuss halibut bycatch reduction programs in United States fisheries, including implementation of an Individual Bycatch Quota program or other similar incentive-based halibut reduction programs. The United States agreed to move as quickly as possible to implement a vessel incentive bycatch reduction program to achieve these goals.

The Commission is recommending to the governments of Canada and the United States catch limits for 1996 totaling 48,660,000 pounds, the same level as in 1995. The recommended catch limits in Area 2A (California, Oregon, and Washington), Area 2B (British Columbia), Area 2C (southeastern Alaska), Area 3A (central Gulf), Area 3B (western Gulf), Area 4A (eastern Aleutians), Area 4B (western Aleutians), Area 4C (Pribilof Islands), Area 4D (northwestern Bering Sea), and Area 4E (Bering Sea flats) are shown in the following table:

AREA	1996 Catch Limit (pounds)
2A Non-treaty directed commercial (south of 2A-1) fisheries	91,052
2A Non-treaty incidental catch in salmon troll	16,068
2A Treaty Indian commercial	168,000
2A Treaty Indian ceremonial and subsistence (year-round)	14,000
2A Sport - North of Columbia River	123,760
2A Sport - South of Columbia River	<u>107,120</u>
Area 2A total	520,000
2B	9,520,000
2C	9,000,000
3A	20,000,000
3B	3,700,000
4A	1,950,000
4B	2,310,000
4C	770,000
4D	770,000
4E	120,000
Total	<u>48,660,000</u>

The Commission also took the following actions:

The Commission was pleased with reports it received from National Marine Fisheries Service (NMFS) and Department of Fisheries and Oceans regarding their Individual Fishing Quota (IFQ) and Individual Vessel Quota (IVQ) management programs off Alaska and Canada. The Commission approved a U.S. underage/overage program in the Alaskan IFQ fishery.

The treaty Indian commercial fishery in Area 2A, the Canadian IVQ fishery in Area 2B, and the United States IFQ fisheries in Areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E will all commence at 12 noon local time on March 15 and terminate at 12 noon local time on November 15.

In Area 2A, six 10-hour fishing periods for the non-treaty directed commercial fishery are recommended for July 10, July 24, August 14, August 28, September 11, and September 25. All fishing periods will begin at 8:00 a.m. and end at 6:00 p.m. local time, and be further restricted by fishing period limits. Fishing dates for an incidental commercial catch halibut fishery will be established under United States domestic regulations established by NMFS, and will be concurrent with salmon troll fishing seasons in Area 2A.

A catch sharing plan among Area 2A user groups developed by the Pacific Fishery Management Council, including sport fishing seasons, will be implemented under regulations promulgated by NMFS.

As in 1995, IPHC will issue licenses valid only for fishing in Alaskan waters, sport charter fishing in Area 2B, and fishing in Area 2A. A vessel fishing in Area 2A may apply for ONLY ONE of three license options: 1) A license for the directed commercial fishery; 2) A license for the incidental commercial catch fishery; concurrent with the salmon troll fishery; or 3) A license for the sport charter boat fishery.

AREA 2A LICENSES ISSUED FOR THE DIRECTED COMMERCIAL FISHERY WILL NOT BE ISSUED IF THE LICENSE APPLICATIONS ARE POSTMARKED AFTER 11:59 P.M. ON APRIL 30.

AREA 2A LICENSES ISSUED FOR THE INCIDENTAL COMMERCIAL CATCH FISHERY WILL NOT BE ISSUED IF THE LICENSE APPLICATIONS ARE POSTMARKED AFTER 11:59 P.M. ON APRIL 1 (AS MARCH 31ST IS A SUNDAY).

Logbook information required of Alaskan commercial halibut fishermen may be kept in their NMFS groundfish catcher vessel logbooks.

In 1996 the Commission regulations will prohibit "fletching" or filleting at sea. New regulations authorize "cheeking" of halibut catch on board freezer vessels fishing in Alaskan waters.

Some modifications in the vessel clearance requirements have been established for Area 4. Any vessel that is used to fish for halibut only in Area 4A and lands its total annual halibut catch at a port within Area 4A is exempt from clearance requirements. Local vessels in the other subareas have been exempt in the past, and continue to be exempt from the clearance requirements. Non-local vessel clearances required prior to fishing in Areas 4C and 4D are now obtained in St. Paul or St. George. Non-local vessel clearances required at the completion of fishing in Areas 4C and 4D can be obtained at St. Paul, St. George, Dutch Harbor, or Akutan. The clearances obtained at St. Paul or St. George may be obtained via VHF radio provided visual identification of the vessel can be confirmed from shore. Clearance requirements for non-local vessels of Areas 4A and 4B are unchanged from 1995.

New regulations for Area 4 will allow vessels to fish in more than one subarea (4A, 4B, 4C, 4D, 4E) during the same trip. However, a vessel may fish in multiple subareas during the same trip only if the vessel carries a NMFS - certified observer at all times and identifies the fish to the area from which it is caught. The regulations require fishermen to identify the subarea from which the halibut was caught in order to obtain important stock data. However, the regulations will allow fishermen to choose the most practical and effective methods for identifying or segregating their catch by subarea. Methods could include separating fish in the hold, or tagging fish with colored bands or tags.

In Areas 2C, 3A, and 3B multi-area trips are allowed as authorized by United States regulations implementing the IFQ program, but only if fishermen identify the halibut to the area from which it was caught. Again, fishermen may choose their own methods for identifying or segregating their catch by area.

The Area 2B sport fish possession limit was increased from 2 fish to 3 fish. The daily bag limit remains unchanged at 2 fish.

The Commission approved a proposal by Northwest Food Strategies for limited retention of dead trawl-caught halibut landed shoreside. The proposal includes limited participation from Unisea Seafoods, Westward Seafoods, and Alyeska Seafoods in Dutch Harbor, Alaska. This one year pilot program will be implemented by NMFS, limited to 50,000 pounds net weight for the 1996 season, and used to gather detailed bycatch information not previously available.

The recommended regulations for the 1996 halibut fishery will become official as soon as they are approved by the Canadian and United States Governments. The Commission will publish and distribute regulation pamphlets.

The Canadian delegation proposed that the formula for sharing the joint expenses of the Commission be revised based on the proportion of catches of Pacific halibut taken from the Parties' respective waters. The Parties agreed to convene a special meeting in June 1996 to explore the Canadian proposal.

The next annual meeting of the Commission will be held in Victoria, British Columbia, from January 27 to 30, 1997. The Canadian Government commissioner, Richard J. Beamish, was elected chairman for the coming year. Other Canadian commissioners are Gregg Best and Brian Van Dorp. United States commissioners are Steven Pennoyer, Kris Norosz, and Ralph Hoard. Donald McCaughran is director of the Commission and Stephen Hoag is assistant director.

- END -

Donald A. McCaughran, Director
Phone: (206) 634-1838

North Pacific Fisheries Management Council

Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director

Telephone: (907) 271-2809



605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Fax: (907) 271-2817

January 26, 1996

Mr. Steven Pennoyer
Director, Alaska Region
NMFS
P.O. Box 21668
Juneau, Alaska 99802

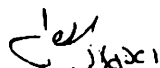
Dear Steve:

At the November 1-2, 1995 meeting of the IFQ Industry Implementation Team meeting, the Team discussed a number of IFQ issues before the North Pacific Fishery Management Council. As outlined in our minutes, the Team has recommended to the Council that NMFS provide waivers on a case-by-case basis to relax the 6-hour prior notice requirement and the 12-hour (6:00 A.M. to 6:00 P.M.) unloading requirement. These waivers are intended to provide some relief for skiff fishermen and tenders.

Although the Team's discussion focused on the need to provide some relief for tenders from the 6-hour prior notice of landing and the 6:00 A.M. to 6:00 P.M. unloading requirement, the Team believes that this relief should not compromise enforcement and that relief of this sort can be provided on a case-by-case basis without compromising enforcement. Therefore, we recommend that NMFS Office of Enforcement develop and make public a process whereby tenders can apply for a registered buyer's permit and the waivers necessary to operate. To address Enforcement's concerns, we request that NMFS consider, as guidelines to the waiver, a relaxation of the 6-hour prior notice to 2 hours and elimination of the 6:00 A.M. to 6:00 P.M. unloading requirement for vessels delivering less than 1,500 lb to tenders.

The Team would also like to support an IPHC staff request that regulatory area fished be included on the NMFS landing report. Thank you for considering these issues. We are all looking forward to the 1996 IFQ season and would like to have the necessary changes in place prior to the season opening.

Sincerely,


Jeff Stephan
Chair
IFQ Industry Implementation Team

cc: R. Lauber
S. Meyer

A-2
Suppl.

Drew Scalzi
41685 Redoubt Circle
Homer, Alaska 99603
ph : 907-235-6359
fax : 907-235-4278



Chairman Rick Lauber
North Pacific Fisheries Management Council
P.O. Box 10136 Anchorage,
Alaska 99510

January 26, 1996

Dear Rick,

I'm writing you about the IFQ proposal for halibut and sablefish allowing for quota shares to be "fished down" on smaller vessels other than the original issued class size. While I support this option given to the fleet I have one very important concern I hope the Council will address.

I urge you to designate these shares with their original classification that they may be resold in their original size class. We must not inadvertently drain the "B" size class, for instance, of its pool of shares and leave nothing available for purchase by the larger vessels. If fewer shares were available in the larger classes, this could raise the price of shares and create a discrepancy not intended in the original plan.

I'm sure some sort of designation could be made on the quota share certificate indicating its "saleable status." I thank you for your consideration on this matter and hope the provision passes with this stipulation.

Sincerely,

Drew Scalzi

January 5, 1996

Dear Chairman & Council Members,

My name is Michael Erb I'm the owner operator of the F/V Pacific a B class vessel. I appeal to the council as a fisherman hoping to hold a future in the QS/IFQ management fishery.

I don't pretend to know the problems with the present IFQ program. Myself, I felt the first year went quite well. I'm not writing to argue or to dispute the efforts to make the IFQ fishery an improvement. But, rather to suggest to the council an option.

Exclude a Buy-Down altogether and initiate a sweep up statewide making Halibut 10,000 to 15,000 pound blocks and making Sablefish 15,000 to 20,000 pound blocks as a limit. Allow the sweep up to be used as a universal class which could be fished on any vessel per area of issuance. This would allow fisherman and qualified deckhands to buy up and combine small amounts of D and C class pounds to a point where they could insure a stay in the fishery. A sweep up should be adjusted by percentage according to area.

In the Eastern Gulf I understand that there are many C class fisherman with small amounts of QS and there are no available QS to buy. I do not sympathize with the over abundance of C class fisherman allowed to be in the IFQ fishery. I can not believe that B class fisherman could be considered donors to the C class fisherman's misfortune of over crowding the fishery in the first place. Just because we have larger boats does not mean we make more money, on the contrary, the majority of C class fisherman have more methods of diversified fisheries.

If a By-Down is evident, than the council should consider exclusion of ~~WY~~ and SE areas. Due to the low percentage of B class pounds available as donors to this over crowded region. A By-Down in ~~WY~~ and SE regulatory areas would be detrimental to the B class fisherman that have few pounds. They would not be able to compete with a By-Down which would create a competitive price war between B and C class operators. Imminently, this would cause an extinction of B class QS/IFQ's in ~~WY~~ and SE areas.

Thank you for your time,

F/V Pacific Michael A. Erb



D E E P W A T E R

A CASE OF GOVERNMENTAL CORRUPTION

IN THE

ALASKAN FISHERIES

COMPILED BY:

**JOHN D. PIPKIN
AND STAFF**

29 JANUARY, 1996

January 6, 1996

John D. Pipkin
F/V Mad Gaffer
P.O. Box 1073
Valdez, Alaska 99686
TEL: (907) 835-5662

To Whom It May Concern:

I am writing this letter in reference to being harassed by the U.S. Marshals, F.B.I., Alaska Department of Fish & Game, and Navy Seals on April 24th, 1995 in the port of Valdez as witnessed by Coast Guard Sailors from a cutter that were aboard my vessel conducting a routine check at the time of the incident. There were several individuals on a dock nearby that witnessed this events as well.

I will now describe this incident more thoroughly and follow up with additional historical facts that contribute to my belief that these events are some how related and could quite easily be seen as a conspiracy - two or more persons conspiring to violate my rights under the constitution of the United States.

On April 24th, 1995 I left Valdez harbor in my vessel, the 38 -Ft. Longliner F/V Mad Gaffer. There were two persons with me. We were within one-half mile of the breakwater when we were approached and boarded by a party off a nearby Coast Guard cutter. They said they were conducting a routine check and four men boarded my vessel. I offered my documentation and explained that I was out to check my shrimp pots that I used for personal consumption. I stated that I liked the Coast Guard and that I had received a letter of commendation from them for a rescue two years earlier.

From the outset of our discussion they queried me about whether or not I had guns on board. I explained that I had two 22-caliber rifles and that they were not loaded and that they were stowed. They asked if I would avoid going near my guns and I gave them adequate assurance that I would not do that. I remember feeling like something was very unusual about this lack of confidence on their part. After all, this was just a routine check.

As I was displaying my documents and conversing openly with the Coast Guardsmen in the cabin, the ADF & G patrol vessel, Burton, came alongside. At this point this story becomes difficult to believe but take a moment to recall the Ruby Ridge Incident. This happened!! There were five armed men on deck - four with HK machine guns and one had an automatic shotgun. One of the men chambered a round into his machine gun and trained it on me. At this time I placed myself behind an officer and maintained his cover. I immediately inquired about this intrusion as was not given an explanation. The ranking officer stated that he did not approve of this and that he would look into it.

The officers resumed their inspection under this augmented protection. After a period of at least fifteen minutes, they wrapped up their inspection without searching the vessel or asking to do so. The senior officer instructed me to return to the harbor directly and indicated that he would look into this matter. As they left, I maneuvered away in such a manner that my vessel would be between the Burton and the Coast Guard cutter until such a time as I was comfortably near the harbor entrance. I did not hear from these persons again. I did, however, have occasion to speak to the U.S. Marshal in Cordova.

I went directly home and phoned up the local police department and reported the incident. Next, I contacted Mark Kirkland, U.S. Marshal in Cordova. He indicated extensive knowledge of the incident. He even stated that the marksmen did not have their fingers on their triggers. Apparently, I'm on a list of people that they wanted to intimidate. Mr. Kirkland advised me to keep my mouth shut and not to say anything about the incident to anyone. I became very concerned about this as I figured the facts should have been public information.

I do not know if he ever contacted any of the workers who witnessed this from a dock within 200 feet. A very interesting fact about these witnesses is that they were my co-workers at the time. In fact, the dock is part of the facility where I was employed. I was fired one week later. I felt that my being fired was related to this incident. Perhaps, my employers felt that I was someone to fear after this display of force.

In early September of 1995 I was harvesting a small halibut quota with my vessel in lower Prince William Sound when I was checked by a Coast Guard helicopter. They asked for my documentation as they hovered closely overhead, disabling my Vessel from retrieving the gear I was engaged with. After hovering for some time, they returned, presumably, to Cordova. By this time, I was not surprised that my vessel was singled out among several other vessels in the area. I would soon hear from the U.S. Marshals again.

The day after I returned to Valdez harbor. Marshal Jim Washer arrived at my home. He stated that I was in violation of some new laws regarding the controversial I.F.Q. program. He went on to say that I was in alot of trouble. I was not contacted again by Mr. Washer. It was only after I contacted him that I learned that this had been sent up for review. Several subsequent discussions that I caused failed to produce additional information. Several days after my last discussion with Marshal Washer, I was contacted by Marshal Ed Richardson from the Juneau office and was told in no uncertain terms that my name would be taken off the above mentioned "list".

In May 1994, I was confronted by a trawling vessel on charter with ADF & G with same ADF & G biologists on board. They had dragged their trawl over my ground line intentionally. I was certain that it had been done on purpose because they had done away with the buoys and flagpoles at both ends. When I approached them about it I was told that they would like to follow me around and get the rest of my gear as well.

They cost me a total of \$6,247.80 in gear cost alone. ADF & G refused to pay the invoice I submitted. It is quite possible to believe that all of these events are related. There is no doubt in my mind that these people are interested in intimidating small-time fishermen like me.

I would appreciate your attention to this matter as I have concerns for myself. Clearly, I am not an enemy of society. I am just trying to make a simple living providing fish to the community and supporting my family. I am vocally against the giant, corporate-owned trawling and factory longlining. I believe that they are destroying the fisheries and the ocean itself. I have stated this quite publicly.

In my efforts to bring attention to these matters, I have aroused the consternation of the powers that be in big fish politics. It is not difficult to explain how are all these events are related.

If the State of Alaska would assume control of the 12-Mile Economic Zone, as provided in the Magnuson Act of 1973, it would restore opportunities back to ALASKANS.

Sincerely,



John D. Pipkin

January 6, 1996

JOHN D. PIPKIN
FV MAD GAFFER
P.O. BOX 1073
VALDEZ, AK 99686

Re: Being Harassed and Threatened

To whom this may be referred,

The following is a list of persons that witnessed the events of April 24, 1995 as described in my previous letter of January 6, 1996. The remarks made by some of the individuals will be provided as well.

Brian Stewart - 11819 Grant St. North Glenn, Co. 80233
Ken Romaine - Gen. Del. Valdez, Ak. 99686 ph. (907) 835-2853
Rob Ditman - p.o. box 2880, Valdez, Ak. 99686 cell. ph. (907) 255- 2333
Martin Parsons, Jr. - Valdez, Ak. (907) 835-5450

Brian Stewart was aboard my vessel at the time of the incident. He had brought a friend although I do not recall his name. Both gentleman were on the aft deck as we were swiftly overtaken by the Burton. They were told to remain where they were for the duration of this "routine" check. I believe these gentlemen may recall the event. Mr. Stewart stated that he would testify to his version of the facts. He contacted the local Coast Guard and was eventually told that these measures had been taken because it was believed by someone that I did not have the proper license for one thing or another.

I was engaged in an activity that required a sport fishing license. I possessed the license but I was never asked to present it.

Ken Romaine witnessed the event from a nearby vantage point. On the deck of the S.E.R.V.S. response barge 500-2, he peered down on the action. Afterward, he expressed amazement over the matter. Mr. Romaine stated that he would testify as to his version of the facts.

Rob Ditman was in close proximity with Ken Romaine during the incident. He had a good view of the scene as well. He expressed interest in attesting to his understanding of the situation.

Martin Parsons witnessed the same events as well. Mr. Parsons, Jr. stated that he would testify to these facts.

I hope this will assist you in researching this matter.

Thank You,

John D. Pipkin

def.: har'ass - annoy by repeated attacks; disturb or torment persistently.

PROCLAMATION

The policies of N.P.F.M.C., the I.P.H.C., the N.M.F.S., U.S. Department of Commerce and the Alaska Department of Fish and Game are inconsistent with the law under The Constitution of The State of Alaska. To be more specific, the violations occur under the following laws:

ARTICLE I. DECLARATION OF RIGHTS.

SECTION 1. INHERENT RIGHTS. This constitution is dedicated to the principles that all persons have a natural right to life, liberty, the pursuit of happiness, and the enjoyment of the rewards of their own industry; that all persons are equal and entitled to equal rights, opportunities, and protection under the law; and that all persons have corresponding obligations to the people and to the State.

SECTION 2. SOURCE OF GOVERNMENT. All political power is inherent in the people. All government originates with the people, is founded upon their will only and is instituted solely for the good of the people as a whole.

SECTION 3. CIVIL RIGHTS. No person is to be denied the enjoyment of any civil or political right because of race, color, creed, sex, or national origin. The legislature shall implement this section.

SECTION 4. FREEDOM OF RELIGION. No law shall be made respecting an establishment of religion, or prohibiting the free exercise thereof.

SECTION 5. FREEDOM OF SPEECH. Every person may freely speak, write, and publish on all subjects, being responsible for the abuse of that right.

SECTION 7. DUE PROCESS. No person shall be deprived of life, liberty, or property, without due process of law. The right of all persons to fair and just treatment in the course of legislative and executive investigations shall not be infringed.

SECTION 11. RIGHTS OF ACCUSED. In all criminal prosecutions, the accused shall have the right to a speedy and public trial, by an impartial jury of twelve, except that the legislature may provide for a jury of not more than twelve nor less than six in courts not of record. The accused is entitled to be informed of the nature and cause of the accusation; to be released on bail, except for capital offenses when the proof is evident or the presumption great; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense.

SECTION 14. SEARCHES AND SEIZURES. The right of the people to be secure in their persons, houses and other property, papers, and effects, against unreasonable searches and seizures, shall not be violated. No warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

SECTION 18. EMINENT DOMAIN. Private property shall not be taken or damaged for public use without just compensation.

SECTION 24. RIGHTS OF CRIME VICTIMS. Crime victims, as defined by law, shall have the following rights as provided by law: the right to be reasonably protected from the accused through the imposition of appropriate bail or conditions of release by the court; the right to confer with the prosecution; the right to be treated with dignity, respect, and fairness during all phases of the criminal and juvenile justice process; the right to timely disposition of the case following the arrest of the accused; the right to obtain information about and be allowed to be present at all criminal or juvenile proceedings where the accused has the right to be present; the right to be allowed to be heard, upon request, at sentencing, before or after conviction or juvenile adjudication, and at any proceeding where the accused's release from custody is considered; the right to restitution from the accused; and the right to be informed, upon request, of the accused's escape or release from custody before or after conviction or juvenile adjudication.

**ARTICLE VIII.
NATURAL RESOURCES.**

SECTION 1. STATEMENT OF POLICY. It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.

SECTION 2. GENERAL AUTHORITY. The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.

SECTION 3. COMMON USE. Wherever occurring in their natural state, fish, wildlife, and waters are reserved to the people for common use.

SECTION 4. SUSTAINED YIELD. Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.

SECTION 6. STATE PUBLIC DOMAIN. Lands and interests therein, including submerged and tidal lands, possessed or acquired by the State, and not used or intended exclusively for governmental purposes, constitute the state public domain. The legislature shall provide for the selection of lands granted to the State by the United States, and for the administration of the state public domain.

SECTION 15. NO EXCLUSIVE RIGHT OF FISHERY. No exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the State. This section does not restrict the power of the State to limit entry into any fishery for purposes of resource conservation, to prevent economic distress among fishermen and those dependent upon them for a livelihood and to promote the efficient development of aquaculture in the State.

SECTION 16. PROTECTION OF RIGHTS. no person shall be involuntarily divested of his right to the use of water, his interests in lands, or improvements affecting either, except for a superior beneficial use or public purpose and then only with just compensation and by operation of law.

SECTION 17. UNIFORM APPLICATION. Laws and regulations governing the use or disposal of natural resources shall apply equally to all persons similarly situated with reference to the subject matter and purpose to be served by the law or regulation.

SECTION 18. PRIVATE WAYS OF NECESSITY. Proceedings in eminent domain may be undertaken for private ways of necessity to permit essential access for extraction or utilization of resources. Just compensation shall be made for property taken or for resultant damages to other property rights.

**ARTICLE XII.
GENERAL PROVISIONS.**

SECTION 5. OATH OF OFFICE. All public officers, before entering upon the duties of their offices, shall take and subscribe to the following oath or affirmation: "I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of Alaska, and that I will faithfully discharge my duties as.....to the best of my ability." The legislature may prescribe further oaths or affirmations.

WHEREAS the small - time Alaskan fishing families and the fish resources and fish habitat have been blatantly abused by the industrial fish gathering cartels.

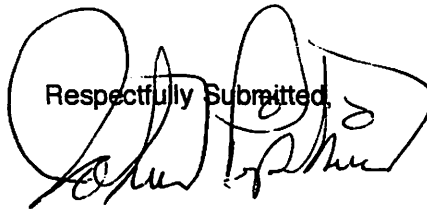
WHEREAS in 1994, 509,075,512 pounds of "important" fish were discarded by the trawlers as "by catch" of which 30,807,992 pounds were King Salmon and the fish considered to be miscellaneous finfish that were discarded totaled approximately 933,000,000 pounds in 1993.

WHEREAS in the process of raping the Alaskan fish stocks, the trawlers indiscriminately devastate everything in their path including marine mammals, seabirds, the fish they eat and the habitat those fish thrived in.

WHEREAS I believe the N.P.F.M.C. , the I.P.H.C., the N.M.F.S., U.S. Department of Commerce and the Alaska Department of Fish and Game would rather see the destruction of the Alaskan fisheries than step aside and let them be managed by the Alaskans that depend on them.

NOW THEREFORE I, John D. Pipkin, on this 29th day of January , 1996, proclaim that the above - mentioned entities are in violation of Alaskan Law and that I intend to promote their replacement with local Alaskan management councils to govern within the 12 - mile Economic Zone.

Respectfully Submitted,



John D. Pipkin
P.O. Box 1073
Valdez, Alaska 99686
(907) 835-5662