

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director



ESTIMATED TIME
5 HOURS

DATE: February 3, 2000

SUBJECT: Staff Tasking

ACTION REQUIRED

Review groundfish and IFQ proposals and give direction to staff.

BACKGROUND

In October you deferred consideration of new management proposals due to the existing Council and staff workload, and noticed that you would review those proposals in February, along with IFQ proposals which typically were reviewed in December. The 14 groundfish/crab proposals we received last summer are summarized under Item D-2(a) and the 10 IFQ proposals are discussed under Item D-2(b) as part of the IFQ Implementation Committee report. Council staff will review these for you at this time. In addition to these proposals, there are some lingering amendments and analyses which have been initiated by the Council which have yet to be completed, or even begun. These include:

*Completion of an EA/RIR/IRFA relative to inshore co-op structure (the Dooley-Hall proposal) - while much of this work is being done under contract to Dr. Robert Halvorsen from the University of Washington, additional work by Council/NMFS staff will be required to turn that discussion paper into a more formal analysis for Council action in April.

*Pursuant to your October action to subdivide the BSAI fixed gear cod allocations, you requested development of two related analyses - (1) a plan amendment to allocate halibut PSC among the longline components of the fixed gear sector, and (2) an analysis of Pacific cod bycatch needs in other trawl and fixed gear fisheries to determine the impacts of bycatch accounting among the various sectors.

*In December you requested development of a plan amendment which would further subdivide the BSAI Pacific cod pot gear allocation between pot catcher vessels and pot catcher processors.

*In December, during discussions of AFA sideboard exemptions, you requested development of an amendment which would establish separate sideboard limits for three categories of AFA catcher vessels.

*Rebuilding plan amendments for St. Matthew Blue and Opilio crab still have to be completed for initial review in April, and there is still some work to do on the Cook Inlet pelagic trawl ban and the Shark/Skate plan amendment.

*There are also several CDQ program amendments which have been previously requested, but which have not been developed for rulemaking. These include observer coverage requirements at shore plants, and for longline vessels > 60'; season start dates for CDQ crab and trawl fisheries; alternative underage/overage provisions; and, trip limits and 4D/4E boundaries relative to the halibut CDQ program.

*An omnibus package of observer program regulatory amendments approved for development in late 1998 - these are being referred to the new Observer Committee which will meet on March 20-21.

*The halibut subsistence analysis still needs additional work prior to review in April.

*An amendment to require SR/RE retention is still on our screen for initial review in April, and I suspect there will be some work to do (prior to release for public comment) on analyses that are up for initial review at this meeting.

In addition to these specific amendments, there are two major analytical tasks that we are facing over the next several months: (1) the SEIS document that was discussed under C-5; this is going to require a substantial commitment from Council staff, particularly our two plan coordinators and recently hired analysts. Along with the FMP updates required, and existing tasks described above, this could consume most of their available time over the next few months. (2) Under the mandates of the AFA, the North Pacific Council is required to submit a report to Congress by October 1, 2000 *"on the implementation and effects of this Act, including the effects on fishery conservation and management, on bycatch levels, on fishing communities, on business and employment practices of participants in any fishery cooperatives, on the western Alaska CDQ program, on any fisheries outside of the authority of the NPFMC, and such other matters as the NPFMC deems appropriate"*. With limited experience under co-ops it will be a real challenge to address many of these issues in any meaningful detail. Some of the information requested is available through the offshore co-op reports, but a complete report as envisioned by the Act will require substantial resources. This may be a good candidate to use some of our AFA funds to contract an outside consultant.

Other projects that have been discussed, but not specifically tasked to date, include development of co-ops for the crab fisheries and the Gulf of Alaska fisheries. For these programs to be developed through the Council process will require the Council to devote substantial amounts of its time and staff analytical resources. Initial alternatives and options for crab co-ops were among the background materials contained in the Council/Board folders, and you can see the possible scope of that analysis. The potential scope of co-ops for the Gulf, based on discussions to date, could essentially result in an entire new FMP for that fishery (Item D-2(c) contains minutes from the last meeting of the Gulf Co-op Committee). The kind of analysis required, looking at the limited entry aspects, catch history determinations, and what we have been doing over the last year relative to the AFA, will likely be on a par with what is required for a comprehensive IFQ program. My read at this time is that we need further refinements at the industry level, and perhaps legislative guidance, before we start any formal analyses through the Council.

Just given the existing tasks listed above, and the scope of the SEIS project, I believe you will need to give us some direction on your priorities, particularly if any new proposals are to be developed. We do not expect our economists to be deeply involved in the SEIS project, but there are several amendments listed above which will require their time. Also keep in mind that, regardless of how many amendments are developed and approved by the Council, the agency can only process them so fast. Despite our desire to streamline the review and approval process, the reality is that everything we do is subject to higher analytical standards than ever, more scrutiny relative to NEPA, the National Standards, the Regulatory Flexibility Act, etc., and more levels of legal review than ever. In recent staff discussions with NMFS, it is apparent that additional analyses, both environmental and economic, will likely be required to accompany the general proposed rule package implementing the AFA. That will also have to occur over the next few months.

1999 GROUNDFISH AND CRAB PROPOSALS

The Council received 14 plan and regulatory amendment proposals in the 1999 amendment cycle. The following section summarizes these proposals and incorporates comments from the Groundfish and Crab Plan Teams. These proposals are in addition to 10 IFQ proposals that were submitted in the biennial call for IFQ proposals. The halibut and sablefish IFQ proposals will be reviewed by the Council for staff tasking at the December Council meeting.

Overfishing

#1&2 A lengthy three-part proposal by the Center for Marine Conservation identified the need to: 1) establish explicit and precautionary minimum stock size thresholds (MSSTs) for each of the groundfish stocks in the BSAI and GOA; 2) increase the default target stock size to 50% of the pristine stock size; and 3) adopt more conservative harvest control rules. Alaska Marine Conservation Council (AMCC) also submitted a proposal to add MSSTs to the BSAI and GOA FMPs overfishing definitions. The Groundfish Plan Teams ranked these proposals for plan amendments as having the highest priority of all submitted in 1999. NMFS AFSC has already identified the need to calculate MSSTs (see Balsiger letter dated August 5 under Supplemental). The Groundfish Plan Teams discussed the need to include status determination criteria (for each stock presently in tiers 1-3). MSSTs will be provided by stock assessment authors beginning in November. Grant Thompson, AFSC, would likely take the lead in preparing the analysis. Initial and final review could be scheduled for April and June 2000.

Bycatch

- #3** Dave Fraser submitted a proposal to begin analysis of a comprehensive individual fishing quota program for these fisheries. This proposal was ranked high by the Groundfish Plan Teams, recognizing the overcapitalized state of the fisheries, the race for fish, National Research Council support for lifting the Congressional prohibition on development of additional IFQ programs, and crashed *opilio* crab stocks. The Groundfish Plan Teams noted that a comprehensive IFQ program would address many of the problems raised by other groundfish proposals submitted this cycle. The Crab Plan Team also noted that the Board of Fisheries and ADF&G have management difficulties due to high fishing effort on crab stocks. As noted in previous team minutes, analysis should examine other options (such as individual pot quotas, co-ops, restrictive LLP) to address overcapacity, the race for fish, and associated problems. In 1998, the Groundfish Plan Teams also ranked this proposal as a high priority. Analysis of this proposal would require significant staff time and would not likely be scheduled for initial review before April 2001, given previously assigned analyses.
- #4** AMCC submitted a proposal to allow public disclosure of catch and bycatch data. The Groundfish Plan Teams noted this proposal is not a plan or regulatory proposal, but ranked it as high priority for development into the discussion paper to describe the legal issues and public interest in describing bycatch. The Groundfish Plan Teams further noted that it may more appropriately be submitted to Congress as an MSFCMA amendment or to NMFS and the state of Alaska to develop a data request protocol for public acquisition of currently confidential data. This would not require a significant amount of staff time.
- #5** AMCC also submitted a proposal to establish "true" PSC limits for the Bering Sea pollock fishery, requiring a BSAI regulatory amendment to separate pollock from the pollock/Atka mackerel/"other species" category and to account for pollock bycatch separately. The Groundfish Plan Teams ranked

this proposal as having medium priority because regulations are currently in place to prevent exceeding overall PSCs. The Groundfish Plan Teams noted that PSCs have not been exceeded by the trawl fleet in recent years. Further discussion can be found on a related issue under proposal #7. The Crab Plan Team noted that the midwater pollock fishery generally catches very few crabs. The team would like more research on unobserved mortality of crabs due to pelagic and bottom trawl gear. This analysis would likely require a low to moderate amount of staff time.

- #6** United Catcher Boats submitted a BSAI plan amendment to: 1) rescind the mandatory August trawl closure and to 2) allow for a chum salmon cap of 42,000 to be managed under the co-op system. The Groundfish Plan Teams ranked this proposal as low, noting that the Council is examining an individual bycatch accounting program. This would require a reasonably significant amount of staff time.
- #7** Groundfish Forum submitted a BSAI and GOA regulatory amendment to allow PSC limits to be reapportioned from one fishery category to another within the same gear group during a fishing year, thus providing flexibility to adjust to unforeseen market and fishery conditions. The Groundfish Plan Teams gave a high ranking to development of a discussion paper of this proposed change. The Crab Plan Team noted that flexibility could potentially result in crab bycatch limits reaching the caps. The team was particularly concerned that the bairdi caps not be allowed to be adjusted between zones. It was noted that the flexibility may be more important for halibut than crab, and the team suggested that this first be tried with halibut only, if the proposal is recommended for analysis. This analysis would likely require a low to moderate amount of staff time.

GOA management

- #8** Alaska Dragger Association submitted a placeholder proposal for a GOA plan amendment to split the Pacific cod quota by gear (mobile vs fixed) based on the 1995-97 average. The Groundfish Plan Teams noted that this proposal addresses a longstanding problem in the GOA between trawl and fixed gear fisheries and provides greater access for all fishing sectors. This fishery may also see additional effort as a result of the opilio crab situation (see recommendations under #11 and 12). The Groundfish Plan Teams ranked this as medium priority. This would likely require a significant investment of staff time, as seen by the work required to develop the BSAI cod split (BSAI Amendment #64).
- #9&10** Alaska Groundfish Databank submitted a GOA plan amendment proposal to: 1) create a 14-day advance registration program for rockfish fisheries; 2) apportion Central GOA rockfish fisheries into several short openings; and 3) allocate rockfish between at-sea and catcher vessels. Groundfish Forum also submitted a GOA plan amendment proposal to create an advance registration program for rockfish fisheries in the Central GOA to prevent TAC shortages/overages and to minimize preemption of shore-based catcher vessels and processors. Its intent is similar to #9, except for designating the advance notice. The Groundfish Plan Teams supported such a registration program, and noted that the Council already recommended a preseason registration program for Western/Central GOA pollock and cod that has not yet been implemented. These proposal would create two additional TACs, but would provide a benefit to the fleet. Industry noted that these proposals are placeholders while industry attempts to resolve quota overages for GOA rockfish and that LLP will impact participation in 2000 and beyond. The Groundfish Plan Teams recommend a staff review panel (Council, NMFS Regional Office, NMFS AFSC, and ADF&G) for management of GOA rockfish and ranked this proposal as medium priority (see related discussion under #10).
- #11** Robert Filiatraut submitted a GOA plan amendment to open the October 1 Pacific cod fishery to the longline fleet instead of trawl fleet and increase the halibut PSC limits for longliners. The Groundfish

Plan teams suggested that a direct solution to the lack of halibut PSC later in the fishing year could be addressed under the specifications by shifting more halibut PSC on October 1, but would need the gear split as proposed under proposal #8. This proposal was ranked as moderate priority (see related discussion under #8). This would require a low investment of staff time, because the Council can effect a change during final specifications.

#12 Alaska Dragger Association submitted a GOA plan amendment for a buy-back program for GOA trawlers. This proposal by itself does not reduce the race for fish but should be included for analysis as one tool to reduce overcapitalization. It received a high ranking (#3 would address this problem). A buy-back program could require a significant amount of staff time.

LATE Ocean Beauty submitted a GOA groundfish proposal to: 1) change the season start date for the Central Gulf pollock "C" season from August 20 to September 1; and 2) to release the 4th quarter halibut PSC limit on October 15 to provide equal access to all fishing sectors. The August 20 start date was selected in 1999 as part of the overall Steller sea lion RPA action. Alternative dates were included as part of that recent analysis. While one outcome of the new date may be increased salmon bycatch, there are obvious legal issues related to the proposed action. The second part of the proposal addresses the impacts on catcher vessels of halibut PSC preemption by catcher processors. This was submitted after the committees had met; therefore, there are no ranking or comments. Part 1 would require minimal staff workload since the RPA analysis is only months old and halibut PSCs can be adjusted during the final specification process for Part 2.

Other

#13 Scott Jacobsen et al. submitted a BSAI regulatory amendment to allow a 24 inch tunnel in fish pots to allow the use of the gear in the Greenland turbot fishery due to high predation on fish from killer whales. The Groundfish Plan Teams assigned this proposal a high ranking as an experimental fishing permit proposal. It would increase the tunnel opening from 9 to 24 inches; the 9 inch size was originally chosen to avoid halibut bycatch and allowed a pot exemption for halibut PSCs. Benefits to this change include: 1) allowing participation by pot vessels in the turbot fishery; 2) providing a better estimate of fishing mortality for Greenland turbot due to orca predation; and 3) allowing the TAC to be taken. Negative impacts include: 1) the possibility of increased bycatch of crab and halibut with this gear configuration; and 2) enforcement problems resulting from the difficulty of determining the actual depth the gear is fished. This may not require a significant amount of staff time, but all EFPs now require a regulatory amendment.

#14 North Pacific Longlining Association resubmitted this proposal from 1998 as a late proposal in this cycle. The proposed BSAI cod split may mitigate the need for this action, but inseason frameworking of season start dates would enhance efficiency. It was ranked low in 1998, but received a medium ranking in 1999. Given when shorttail albatross leave the fishing grounds, a delayed start date could further minimize seabird interactions; however using seabird interactions as a sole justification for this action would make an earlier start date (back to October 1 through frameworking) would be harder to justify. Frameworking this change may not require a significant initial staff investment, but the potential for annual changes may affect staffing.

**IFQ IMPLEMENTATION TEAM MEETING
OCTOBER 10, 1999**

The IFQ Implementation Team convened at approximately 1 pm on Sunday, October 10, 1999. Committee members in attendance were Jeff Stephan, chairman, Arne Fuglvog, John Woodruff, Dennis Hicks, Don Iverson, Jack Knutsen, John Bruce, Norman Cohen. Drew Scalzi did not attend. Staff in attendance were: Jane DiCosimo, Steve Meyer, Phil Smith, Jim Hale, John Kingeter, Heather Gilroy. Thirteen members of the public attended.

Phil Smith provided an administrative update on the IFQ program. Jim Hale reported on the status of the omnibus amendment package for IFQ changes, Amendments 54/54 (hired skipper) with anticipation for implementation for the 2000 IFQ season. Jane DiCosimo provided a brief summary of the IFQ weighmaster subcommittee findings. Steve Meyer presented two reports on IFQ enforcement and continued cases of serious violations. A USCG enforcement report was also distributed to committee members.

The main purpose of the meeting was for the committee to review ten IFQ proposals submitted in the 1999 biennial call for IFQ proposals. Committee recommendations on which proposals should be approved for analysis will be reported to the Council at its December meeting. A summary sheet is attached to the minutes.

Westward area

The committee combined its review of proposals 1, 2, 3, 4, and 7 because they address similar problems in the IFQ fisheries in westward areas (Areas 3B, 4A, and 4B). The Team identified the following problem statement for westward IFQ fisheries:

Five years into the halibut and sablefish IFQ program, a reexamination of the needs of the block program because it appears that it does not protect small boat fishermen in Western Alaska for halibut as originally intended.

The committee recommended that the Council, as its highest priority for IFQ changes, initiate an analysis of the following alternatives for the IFQ halibut fisheries in Areas 3B, 4A, and 4B that were proposed under #1, 2, 3, 4, and 7. The committee noted there may be some merit in combining B and C category QS with A category QS for sablefish only, they did not recommend this for analysis.

Alternative 1: Status quo.

Alternative 2: Block program:

- Option 1: Increase number of blocks from 2 to 4
- Option 2: Unblock all quota shares >20,000 lb
- Option 3: Allow quota shares >20,000 lb to be divided into smaller blocks

Alternative 3: Quota share categories:

- Option 1. Allow D category quota shares to be fished as C category shares.
- Option 2: Allow D category shares to be fished as C or B category quota shares
- Option 3: Combine B, C, and D category quota shares
- Option 4: Combine C and D category quota shares

The issues to be addressed in the analysis include:

- the limit of two quota share blocks has created economic hindrances to catching the entire subarea quotas
- travel to/from fishing grounds resulting in subarea quotas not being reached
- transferring quota shares has resulted in economic hindrances because blocks are now so big due to increases in quotas that cost is too high for resale
- fish down has rendered resale of D class shares boats untenable and safety issue

#5 Part 1 leasing/hired skippers

The committee recognized the merit of addressing fairness issues, and recommended that leasing restrictions are fundamental to the IFQ program and recommended no change to expanding leasing/hired skipper allowances.

#5 Part 2 and #6 medical transfers

The committee noted that while the issue of medical emergency transfers was worthy for Council review, injured QS holders had could transfer their QS to others who could fish them. The committee ranked these proposals as #2 in priority.

#8 overage on vessel cap

The committee supported this proposal to allow an overage on the vessel cap as #3 ranking.

#9 adjust annual cycle

The committee modified proposal #9 to recommend that the Council adjust its biennial IFQ amendment cycle so that IFQ final action occurs in December when IFQ fishermen can attend the Council meeting. The dates for the Council call for IFQ proposals and initial review also would be adjusted as appropriate. This is a policy change by the Council and requires no staff analysis.

#10 community-based non-profit entity as QS holder

A motion to recommend a proposal to allow a community-based non-profit entity to hold quota share failed on a tie vote (4:4). The committee was split on whether to involve the Council in the design of a program to provide access to GOA communities as a QS holding entity or to not create another category of QS holder that would compete with fishermen who are currently eligible to be QS holders.

The overall ranking of proposals grouped into analytical packages by the committee was:

<u>Proposals</u>	<u>Rank</u>
1-4 & 7	#1
5 & 6	#2
8	#3
9	#4

The meeting adjourned at 5:45 pm.

IFQ Proposals (as of 8/23/99)

No.	Proposal	Proposer	Species	Area	Amendment	Comments	Rank
1	inc. # blocks to 3 or 4 in Areas 3B and 4	Mack	halibut	both	regulatory	Block program	
2	unblock portion of blocked halibut quota > 20,000 lb	Whitmire	halibut	both	regulatory	Block program	
3	inc. # blocks + eliminate B & C Class in Areas 4B,C,D & BS & AI	Dierking	both	both	plan	Block program/vessel class	
4	inc. # blocks to 4 in Area 4 or increase sweep-up to 10,000 lb per block	Schrader	halibut	BSAI	plan	Block program/sweep-up	
5	allow hired skippers for medical emergencies	Schrader	halibut	BSAI	plan	transfer provisions	
6	emergency medical transfer for B-D Class QS	PVOA	both	both	regulatory	transfer provisions	
7	fish up D Class shares on C Class vessels in Areas 3B and 4A	Wagner	halibut	both	regulatory	Vessel class	
8	allow vessel cap overage of 10% of remaining poundage before last trip	Lundsten	both	both	plan	Vessel cap overage	
9	change IFQ meeting cycle	Lundsten	both	both	neither	administration	
10	allow community-based non-profit regs. to acquire QS	GCCC	both	both	plan	Ownership criteria	

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FISHERY MANAGEMENT PLAN AMENDMENT PROPOSAL N.P.F.M.C North Pacific Fishery Management Council

Please check applicable box(es):
 Bycatch Reduction
 BSAI Groundfish FMP
 GOA Groundfish FMP
 BSAI Crab FMP
 Scallop FMP
 Halibut/Sablefish IFQs
 Habitat Areas of Particular Concern (HAPC)

Name of Proposer: Kenneth Mack Sr. Date: 8-15-99

Address: P.O. Box 176 King Cove, Alaska 99612 Telephone: 907-492-2351

Brief Statement of Proposal: In halibut areas 3B and 4 no person may hold more than four blocks of quota share (or three blocks and unblocked quota share up to the cap).

Objectives of Proposal (What is the problem?): Some quota in western areas doesn't get fished because it is in too small of blocks to be economically fished. Many fishermen are in effect already controlling more than two blocks through family members and crew, but this is a cumbersome business practice.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?): The block plan has been effective, but many small boat fishermen who benefited from the plan feel it needs to evolve.

Foreseeable Impacts of Proposal (Who wins, who loses?): This proposal still protects entry level fishermen. It allows small boat owners to build their positions in a practical way. Big vessels can put together enough small blocks in distant areas to justify a trip.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem? Repealing the block plan would not afford enough protection from consolidation. Western regulatory areas only will be amended by this proposal.

Supportive Data & Other Information (What data are available and where can they be found?): RAN data will be provided at the council meeting.

Signature: Kenneth Mack Sr., David Strauss, Fred C. Ryppe, Grant D. Newton, Bill Sager, Edwin Bendigjan, Michael B. Lavett

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**FISHERY MANAGEMENT PLAN AMENDMENT
PROPOSAL**
North Pacific Fishery Management Council

Name of Proposer: David Whitmore **Date:** Aug 16, 1999
Address: P.O. Box 2481 Homer, Alaska 99603
Telephone: 235-7670

Please check applicable box(es):

- Bycatch Reduction
- BSAI Groundfish FMP
- GOA Groundfish FMP
- BSAI Crab FMP
- Scallop FMP
- Halibut/Sablefish IFQs
- Habitat Areas of Particular Concern (HAPC)

Brief Statement of Proposal: Have that portion of blocked halibut quota greater than 20,000 pounds, in areas 3B and 4 become unblocked.

Objectives of Proposal (What is the problem?):

On separate sheet

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

The Council is the body that may correct this problem.

Foreseeable Impacts of Proposal (Who wins, who loses?): The vast majority of the fleet wins. Those who purchased unblocked quota in 3B and 4 will probably see their share value drop by some amount.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

I don't see an alternative.

Supportive Data & Other Information (What data are available and where can they be found?):

RAM, IPHC

Signature:

David Whitmore

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From: DAVID Whitmire

Objectives of proposal (What is the problem?)

Substantial underestimation of halibut stocks in AREAS 3B and 4 have led to increasingly large, unwieldy blocks of quota. These large blocks are effectively available only to those with access to very large sums of capital. As an example: what was a 20,000 pound block in 3B in 1995, is 65,000 pounds in 1999. What was 20,000 pounds in AREA 4A in 1995 is 44,000 pounds in 1999. Blocks of this size result in limiting participation, discouraging entry level investment. Blocks of this size do not do anything positive for the IFQ program. This problem is peculiar to AREAS 3B and 4.

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FISHERY MANAGEMENT PLAN AMENDMENT PROPOSAL

North Pacific Fishery Management Council

Please check applicable box(es):	
<input type="checkbox"/>	Bycatch Reduction
<input type="checkbox"/>	BSAI Groundfish FMP
<input type="checkbox"/>	GOA Groundfish FMP
<input type="checkbox"/>	BSAI Crab FMP
<input type="checkbox"/>	Scallop FMP
<input checked="" type="checkbox"/>	Halibut/Sablefish IFQs
<input type="checkbox"/>	Habitat Areas of Particular Concern (HAPC)

Name of Proposer: Mark Dierking Date: 6/23/99
 Address: 5101 Ballard Ave NW Seattle WA 98107
 Telephone: (206) 789-5101

Brief Statement of Proposal: to make it economically feasible for boat owners and operators to harvest their IFQ's from westward areas by allowing economies of scale through acquisition of multiple blocks of shares in Halibut 4B, 4C, 4D and sablefish AI + BS; also allow resale classes B+C in those areas.

Objectives of Proposal (What is the problem?): few unblocked shares are available to purchase, so owner of a small block or even 2 blocks of medium size do not generate enough income after incurring the costs of traveling there to justify making the trip. Many shares go unharvested, yet there is no way to sell the shares to others due to restrictive rules of only 2 blocks per area.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

Council only has the power to make changes.

Foreseeable Impacts of Proposal (Who wins, who loses?):

Winners - Fishermen willing to fish westward where shares are affordable
 Fishermen wanting to sell their small shares, that have no market.

Processors - get more product - local fishermen St. Paul, St. George can fish small boats.
 Biologists - get more information to assess C/PUE, etc.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem? No alternatives have been suggested to my knowledge.

Supportive Data & Other Information (What data are available and where can they be found?):

RAM Data base - 70% of areas harvested (ever)?
 many of these shares have never been fished.

Signature:

Mark A Dierking

4

FISHERY MANAGEMENT PLAN AMENDMENT PROPOSAL

North Pacific Fishery Management Council

Name of Proposer: *Tamara Shrader* Date: *8/15/99*

Address: *P.O. Box 2601
Homer, AK 99603*

Telephone: *(907)-235-7670*

Please check applicable box(es):	
<input type="checkbox"/>	Bycatch Reduction
<input type="checkbox"/>	BSAI Groundfish FMP
<input type="checkbox"/>	GOA Groundfish FMP
<input type="checkbox"/>	BSAI Crab FMP
<input type="checkbox"/>	Scallop FMP
<input type="checkbox"/>	Halibut/Sablefish IFQs
<input type="checkbox"/>	Habitat Areas of Particular Concern (HAPC)

Brief Statement of Proposal:

See following paper.

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Objectives of Proposal (What is the problem?):

See paper.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

The Council is responsible for changes to the IFQ program.

Foreseeable Impacts of Proposal (Who wins, who loses?):

The small boat fleet wins, possible buyers of small blocks of quota lose.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

There are no alternative solutions that I know of.

Supportive Data & Other Information (What data are available and where can they be found?):

RtM Division - Phil Smith.

Signature:

Tamara Shrader

Statement of Proposal

To increase the number of pounds an individual may hold in Area 4 by one of the following methods:

- 1) Increase the number of blocks an individual may hold from two to four.
- 2) Increase the sweep limit to 10,000 pounds per block.

Objectives of Proposal

It is not economically viable to run to Area 4 to harvest small blocks of quota. This would increase the percentage of small blocks able to be harvested, particularly by the small boat fleet ("D" class). The current block program in Area 4 places a burden on the small boat fleet. Small boats are generally restricted in crew size, therefore they have limited capacity for numbers of blocks on board.

This proposal would potentially enable the small boat fleet to harvest more quota without undue burden.

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FISHERY MANAGEMENT PLAN AMENDMENT
PROPOSAL

North Pacific Fishery Management Council

Please check applicable box(es):

- Bycatch Reduction
- BSAI Groundfish FMP
- GOA Groundfish FMP
- BSAI Crab FMP
- Scallop FMP
- Halibut/Sablefish IFQs
- Habitat Areas of Particular Concern (HAPC)

Name of Proposer: Tamara Shrader Date: 8/15/99
 Address: P.O. Box 2601
Homer, AK. 99603
 Telephone: (907)-235-7670

Brief Statement of Proposal:

To give second generation IFQ share holder the same rights for lease/hired skipper arrangements as those held by original recipients

Objectives of Proposal (What is the problem?):

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

The Council is responsible for IFQ policy changes.

Foreseeable Impacts of Proposal (Who wins, who loses?):

Families with small children or medical problems win. I don't see who loses.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

There are no alternatives that I have heard of.

Supportive Data & Other Information (What data are available and where can they be found?):

RAN Division would have number for family IFQ holders.

Signature:

Tamara Shrader

Objectives of Proposal

Families with small children or medical problems that own quota share in either both parents' names, or in the medically ill persons' name either cannot fish their purchased quota, or must go to extraordinary lengths to do so. This would enable them to have another solution.

Petersburg Vessel Owners Association

P.O. Box 232
Petersburg, Alaska 99833
Phone (907) 772-9323 Fax (907) 772-4495

August 13, 1999

N.P.F.M.C

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FISHERY MANAGEMENT PLAN AMENDMENT PROPOSAL FOR NPFMC

SUBMITTED BY: PVOA (Petersburg Vessel Owners Association), Box 232, Petersburg, Alaska 99833. (907) 772-9323, fax (907) 772-4495

PROPOSAL SUMMARY: Emergency medical transfer of IFQ (from QS assigned to vessel categories B,C, or D) in cases of personal injury or extreme personal emergency. This transfer would be for a limited period of time (to be determined).

OBJECTIVES OF PROPOSAL: At present there are no emergency transfer provisions for the IFQ program, other than the existing provision that allows a trip to be completed if an emergency takes the IFQ holder off the vessel. Additionally there exists options for those QS holders who are able to use hired skippers. However, there are no options available to those restricted from using hired skippers such as non-initial issuance QS holders and halibut QS held in 2-C.

In the event of a chronic or long-term injury that would prevent the QS holder from fishing or even being aboard a vessel for multiple seasons, it seems that the appropriate course of action for the QS holder (with no options available as described above and a desire/need to have revenue from the QS) is to sell their QS to a qualified individual.

However, there could be an injury/condition that would prevent a QS holder from fishing or even being aboard a vessel for one season and yet the QS holder intends to keep fishing in subsequent years. At present, to maintain revenue and/or loan payments, the QS holder would have to sell their QS for one year, only to buy it back the following year. This puts these QS holders unnecessarily subject to the vagaries of price fluctuations and availability of the QS market as well as subject to Capital Gains taxes and the ordeal of buying and selling QS with the inherent fees.

Example: QS holder is small boat owner and waits to fish their IFQ in the summer months. In July 1999, prior to fishing, QS holder suffers a compound fracture of the leg requiring surgery, pins, traction, etc. Individual will be in no position to fish his IFQ's or even be aboard a vessel at sea before November. However by the next summer, the individual should be physically recovered and able to fish. Rather than sell QS, this proposal would allow the individual to petition NMFS/RAM to allow transfer of the 1999 IFQ.

Example: 2-C halibut QS holder has brain aneurysm and brain surgery with associated medical bills. Advised by physician not to go fishing for a year. This actually occurred.

NEED FOR COUNCIL ACTION: PVOA believes that the authority to provide for emergency transfer already exists in the FMP for the BSAI (14.4.7.1.4(5)) and the GOA (4.4.1.1.4(5)):

“The Secretary may, by regulation, designate exceptions to [the transfer provisions] to be employed in cases of personal injury or extreme personal emergency which allows the transfer of [IFQ resulting from QS assigned to vessel categories B, C, or D] for limited periods of time.”

Upon submitting a request to NMFS on this subject, PVOA was informed by NMFS to submit a proposal. Both letters are attached.

FORESEEABLE IMPACTS: If the criteria for medical transfer are too broad then the system will be subject to abuse and become de facto leasing. The State of Alaska CFEC transfer provisions are often prone to abuse. However without change in the present system, there is a risk of placing lifelong fishermen at financial risk when there is a genuine need for a medical transfer for a limited time period such as one season.

Brokers may have some loss as the number of permanent transfers would decrease slightly.

ALTERNATIVE SOLUTIONS: Allow leasing of all QS but this would move the program away from the owner-operator, one of the strengths of the IFQ program. Wide-open leasing would change the fleet and ownership structures.

SUPPORTING DATA: 1.) NMFS and NPFMC discussion of this issue in 1995. 2.) State of Alaska CFEC medical transfer policy

SUBMITTED BY: Gerry Merrigan, Director, on behalf of PVOA





UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

National Marine Fisheries Service

P.O. Box 21668

Juneau, Alaska 99802-1668

January 14, 1999

Gerry Merrigan
Executive Director
Petersburg Vessel Owners Association
P.O. Box 232
Petersburg, AK 99833

Dear Gerry,

Happy New Year! -- and thanks for your December 28, 1998, letter to Phil Smith, wherein you posit these penultimate questions:

... in the case of a personal injury, condition or emergency that would prevent the QS holder from fishing during the eight month season,

- can a QS holder petition the Secretary to allow transfer of the IFQ? If so, how is this done?*
- If there is not a set procedure for medical transfer, could such a procedure be developed?*

The short answer is that, other than the existing provision that allows a trip to be completed if an emergency takes the IFQ holder off the vessel, there are no emergency transfer provisions for the IFQ program. With respect to the question of whether such provisions could be developed, I quote below from a letter that Phil Smith sent to Council member Linda Behnken last October:

You may recall that, during 1995, the Council recommended an amendment to the regulations that would allow a person to apply for an emergency transfer of his/her IFQ permit under certain circumstances. Those circumstances included a medical condition or some other unforeseen event that prevented the permit holder from fishing. As worded, the recommendation was almost identical to the Emergency Transfer provisions that govern the use of limited entry permits issued by the State of Alaska's Commercial Fisheries Entry Commission. In pertinent part, the provision would have read as follows:



... the Regional Director may approve the Application for Transfer of a person's IFQ if it can be demonstrated that the person is presently unable to participate actively in the IFQ fisheries because of illness, disability, or other unavoidable hardship of a temporary, unexpected, and unforeseen nature ...

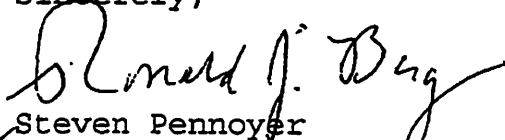
Upon review, the agency opted to withdraw the proposed amendment. Considerable concern was expressed that NMFS was simply ill-equipped to make the type of judgments contemplated by the Council, and that adoption of the measure could result in essentially unregulated "leasing" of catcher vessel IFQs, a situation that both the Council and the agency have been careful to guard against. Further, it was noted that the duration of the IFQ season (8 full months) allows (in most cases) ample opportunity for IFQ holders to transfer their shares if they find themselves unable to participate. The duration of the IFQ season is, of course, quite different from the situation in the state salmon and herring fisheries, in which a sudden onset of illness or disability could result in an entire season being lost to a permit holder.

In consideration of the agency's decision with respect to the proposed 1995 measure, it is highly improbable that, absent Council action, NMFS would be willing to revisit the issue.

Therefore, I would recommend that the Council process be employed if you wish to pursue an amendment that would make any exceptions to the anti-leasing provisions in the regulations. As you know, the Council's IFQ amendment cycle is upon us (a "Call for Proposals" will be issued this summer), and that would be the appropriate time to formally present the idea to the Council and its Committees. Of course, NMFS would cooperate fully with the Council in trying to devise a satisfactory solution to the problem you identified.

Again, thank you for your interest. Please let us know if we can provide additional information.

Sincerely,


Steven Pennoyer
Administrator, Alaska Region

Petersburg Vessel Owners Association

P.O. Box 232
Petersburg, Alaska 99833
Phone (907) 772-9323 Fax (907) 772-4495

December 28, 1998

Mr. Phil Smith, Administrator
NMFS/RAM
P.O. Box 21668
Juneau, Alaska 99802

Re: Transfer of IFQ for Emergency Medical Reasons

Dear Phil,

The Individual Fishing Quota (IFQ) Program restricts the transfer of category B, C, or D quota shares (QS) and resulting IFQ to prevent excessive consolidation of QS and to ensure that the QS continues to be held by professional fishermen.

However professional fishermen are subject to personal injuries or extreme personal emergencies that could prevent them from fishing their QS in an IFQ season unless there was provision for a transfer for limited periods of time.

Such a provision would be consistent with the intent of the Council (NPFMC) for the IFQ Program, as evidenced by 14.4.7.1.4(5) of the Fisheries Management Plan (FMP) for the BSAI as well as 4.4.1.1.(5) of the FMP for the GOA, which states:

The Secretary may, by regulation, designate exceptions to [the transfer provisions] to be employed in cases of personal injury or extreme personal emergency which allows the transfer of IFQ for limited periods of time.

While there exists options for medical emergencies for QS holders who may be able to use hired skippers, there are no such options available to those restricted from using hired skippers such as non-initial issuance QS or QS held in 2-C unless the Secretary designates an exception.


PVOA recognizes that the medical transfer provisions under the State of Alaska's Commercial Fishing Entry Commission have been prone to abuse. However, PVOA also recognizes that genuine medical problems do exist and these problems would prevent a QS holder from fishing their IFQ in a season.

IFQ may be transferred if an injury occurs during a trip but that transfer only applies for the duration of the same trip. But in the case of a personal injury, condition or emergency that would prevent the QS holder from fishing during the eight month season,

can a QS holder petition the Secretary to allow transfer of IFQ? If so, how is this done?

If there is not a set procedure for medical transfer, could such a procedure be developed? PVOA would work with NMFS/RAM to develop transfer guidelines while attempting to avoid loopholes from the CFEC experience.

Thank you for consideration in this matter.



Gerry Merrigan

Director, PVOA

Executive Summary

The Individual Fishing Quota (IFQ) Program restricts the transfer of category B, C, or D (catcher vessel) quota shares (QS) and resulting IFQ to prevent excessive consolidation of QS and ensure that QS continue to be held by professional fishermen, rather than being acquired by investment speculators. In 1996, a regulatory amendment was implemented to allow for the transfer of QS to surviving spouses of deceased QS holders. Under this provision, upon the death of an individual who holds QS or IFQ, a surviving spouse may request to receive all QS and IFQ held by the decedent by right of survivorship, unless a contrary intent was expressed in a will that is probated. This provision was consistent with the intent of the Council for the IFQ Program, as evidenced by § 14.4.7.1.4(5) of the FMP for the BSAI and § 4.4.1.1.4(5) of the FMP for the GOA, which state:

The Secretary may, by regulation, designate exceptions to [the transfer provisions] to be employed in cases of personal injury or extreme personal emergency which allows the transfer of [IFQ resulting from QS assigned to vessel categories B, C, or D] for limited periods of time.

At its meeting in October, 1996, the IFQ Industry Implementation Team recommended a proposal to extend transfer privileges to surviving heirs as well, so that other members of a deceased QS holder's immediate family may benefit for a certain period of time from the deceased's commercial fishing interests with regard to the IFQ Program. On the basis of this recommendation, in December, 1996, the North Pacific Fishery Management Council (Council) requested an analysis of an action amending the regulations to include "surviving heirs" of a QS holder's immediate family in the survivorship transfer provisions. Upon initial review of the analysis at its April, 1997, meeting, the Council requested that the analysis include additional options as described below, and in June, 1997, took final action to recommend the preferred Alternative 2.

NMFS published a proposed rule proposing the preferred alternative in the Federal Register on November 6, 1997 (62 FR 60060). On further analysis, NMFS recognized that the preferred alternative would not provide transfer privileges for an emergency situation and therefore would require an FMP amendment not authorized by the Council. NMFS therefore withdrew the proposed rule. Upon being informed of the withdrawal of the proposed rule, the Council requested that the analysis be amended with a new alternative that would effect the intent of the proposed action in a manner consistent with the FMPs' emergency transfer provisions.

Management Action Alternatives

Alternative 1: Status Quo. Provide IFQ transfer privileges for a period of three years to a deceased QS holder's surviving spouse only.

Alternative 2: Revise regulations to extend transfer privileges of QS and IFQ to an heir of a deceased QS holder who receive QS by right of survivorship. This alternative

ATTN: JANE

7

Name of Proposer: Mark J. Wagner.

July 15, 1999

Address: P.O. Box 326
 Sand Point, Ak. 99661
 Phone # 907-383-3272

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 JUN 30 1999
 N.P.F.M.C

Brief Statement of Proposal:

For areas 3B and 4A, to include in the halibut IFQ program a provision to fish up class D shares on a class C fishing vessel. This fish up amendment would enable class D IFQ holders (35 foot vessel and under) to harvest halibut on a fishing vessel up to 60 foot in length.

Objectives of Proposal (What is the problem?):

In area 3B and 4A a class D vessel is extremely limited as to when and where it can be fished. These limitations are a major safety concern. Both 3B and 4A are less protected and subject to severe weather conditions. The geography and weather in area 3B and 4A would seem to support a vessel class breakdown similar to blackcod, where there are only B and C classes. Fishing for halibut and blackcod in 3A and eastward is more small boat friendly than fishing in area 3B or 4A.

Currently, the halibut season (8 months) opens on March 15 and closes on November 15. With a class D vessel, an IFQ holder is generally limited to fishing between May 15 and September 15 (4 months) based on weather and fishing grounds accessibility. Prior to May 15 or after September 15, the weather is a big concern for a vessel 35 foot and under, and the halibut are generally further off shore that presents a major safety problem on a class D vessel.

There's also the problem of markets and the distances between the existing markets. At various times last year, fish processors in King Cove, Sand Point and Chignik weren't buying halibut during the salmon season. A class D boat would be forced to wait until fall, with its worsening weather, or run fish across Unimak Pass to Dutch Harbor, or east to Kodiak Island to sell his product.

In area 4A (that runs 100 miles to the west of Dutch Harbor), the only markets are Akutan and Dutch Harbor itself. The ability to fish D shares on a larger boat would move more effort further from town and prevent localized stock depletion. The same problem occurs in area 3B.

Justification for Council action (Why can't the problem be resolved through other channels?):

One solution would be to sell the class D shares and buy class C shares. The problem that others and I have encountered is that there is virtually no market for class D shares. The salmon fisheries and small boat cod fisheries in 3B and 4A are fished on boats almost exclusively larger than 35 foot.

Since the fish-down amendment was instituted, any vessel less than 35 foot will generally consider buying only class B or C shares. By buying the larger boat class shares, they save time and broker commissions when they later increase the size of their boat.

In a lot of ways, the initial class D shareholders are being penalized by a system that was intended to help them. By adopting the fish-down amendment in August 1996, the 35 foot and under vessel owners were helped because a person who bought IFQ shares for a vessel in a larger class size, could later buy a larger boat and not have the problem of selling their current shares. But if you already own class D IFQS, you now have a big problem of trying to sell them and then replace them with the appropriate class of shares when you want to improve your fishing operation.

Foreseeable Impacts of Proposal (Who wins, who loses?):

Who wins: The biggest winner is the 35 foot or under boat owner who was originally issues halibut shares. They wouldn't be handicapped with trying to sell their shares when buying a bigger vessel. Also, anyone who is looking to buy IFQ shares in area 3B or 4A.

Skiff fishermen would also benefit. In area 3B the quota has increased approximately 3.5 times since 1995. This has created difficulty for skiff fishermen to catch the larger amount. By adopting the fish-up policy, it gives the skiff fishermen the option of taking their quota and fishing on a bigger boat.

By modifying the IFQ program, the following issues would be addressed.

1. The safety concerns of the 35 foot and under boat owner.
2. The increase of localized halibut stock depletion.
3. The availability of halibut markets during the salmon seasons.
4. The flexibility to fish halibut throughout the 8 month season.

Who loses: Possibly entry level skiff fishermen. But quota shares would still be available, as it is a "buyers market" in all vessel size classes in both 3B & 4A.

Are there alternative solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

A class D IFQ holder in area 3B or 4A can try to sell their shares. In the three years that I've had my 3B shares on the market, I have had no offers. I know of several others who share this same problem.

Supportive Data & other information (What data are available and where can they be found?):

For safety concerns, the larger the vessel the more the Coast Guard requires in safety equipment. That data can be found in Commercial Fishing Vessel Requirements.

For selling the shares, the IFQ brokers are aware of the lack of market for selling the class D shares in area 3B or 4A.

By instituting this proposal, it doesn't force a class D IFQ holder to sell their shares in order to improve the safety and efficiency of their operation.

Queen Anne Fisheries, Inc.
1939 Eighth Avenue West
Seattle, Washington 98119
206-284-9158

Mark S. Lundsten, Captain
F/V Masonic

August 5, 1999

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

Dear Rick,

For the halibut/sablefish fisheries, I propose to correct what I see as an inconsistency between the regulations for vessel IFQ caps and the regulations that allow for a 10% overage of any person's remaining IFQ.

IFQ regulations allow anyone to harvest up to 10% over the remaining quota held by that person for the area and species fished on that trip. If this overage is under 10% of the remaining quota held by that person, that overage is simply deducted from the next year's quota for that person in that area and for that species.

But, if a vessel reaches the IFQ cap for either species, no overage is allowed (unless the entire quota harvested on that vessel is from a single first-generation quota holder) and is cause for a fine.

For example, if the IFQ cap is 100,000 pounds and a vessel has harvested 70,000 pounds already, that vessel could harvest 30,000 more pounds and still be under the cap. Realistically though, the vessel can only harvest about 27,000 pounds. Without any leeway for an overage, the fisher risks a fine with anything over 30,000 pounds. Therefore, the prudent plan is to target 10% less than maximum poundage allowed making sure no violation occurs. By not allowing overages, the regulations mandate smaller caps than they appear to and also cause unnecessary enforcement problems.

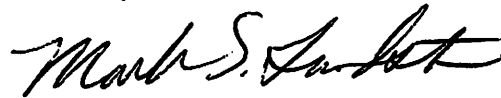
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My suggestion is simply to allow any vessel to go over the vessel cap by 10% of whatever poundage the vessel is below the cap before the last trip. So, if a vessel is 30,000 pounds below a 100,000 pound IFQ cap, 33,000 pounds could be harvested without a penalty. If a vessel is 10,000 pounds below that cap, 11,000 pounds could be harvested without a penalty.

For vessels harvesting quota from a single, first-generation quota-holder, this issue is not a problem. They are grandfathered in without a cap. For second-generation fishermen, the regulations are inconsistent.

Thanks for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Mark S. Lundsten".

Mark S. Lundsten

Queen Anne Fisheries, Inc.
1939 Eighth Avenue West
Seattle, Washington 98119
206-284-9158

Mark S. Lundsten, Captain
F/V Masonic

February 22, 1999

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FEB 25 1999

N.P.F.M.C

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

Dear Rick,

At the December 1998 Council meeting, I spoke to you and Clarence, and to some other Council members as well, about the possible formation of a new Advisory Panel just for halibut and sablefish issues. After some consideration, and plenty of discussions with different fishermen, I think the ideas expressed in the attached editorial are a better plan. I wrote this editorial for the March, 1999, edition of the *Alaska Fisherman's Journal*.

Thank you for your consideration.

Sincerely,



Mark S. Lundsten

We need an annual congress of IFQ fishermen at the December meeting of the North Pacific Council. The current Council system has become so complex and the meetings so lengthy that working fishermen are essentially missing from the Council process. For representatives of corporate fleets and for association managers, attendance at these meetings is not as prohibitive as it is for owner/operators who also have to maintain a boat and go fishing. This is neither a big mystery, nor is it anyone's fault. But without participating, we owner/operators who make up the majority of the IFQ fleet are losing control of our fisheries. Instead of deferring management decisions to others, we who have a stake in these decisions should meet every year and advise the Council directly.

I went to the December 1998, meeting with two other members of our association, and I think that besides one Council member and two AP members, we were the only working IFQ fishermen there. Maybe we as a fleet still are suffering a political hangover from the IFQ battles. Maybe that's why we aren't showing up at these meetings. That was true for me for a while. But I think the problem is not that simple.

Since the passage of IFQs we have had very few issues before the Council of enough importance to justify many owner/operators going to a meeting for a week at a time. Consequently all kinds of "little" issues get

decided without much input from the people who live and work with the outcome. The cumulative effect is beginning to worry me. The nuts and bolts of our fisheries are being designed and decided by others.

That poses a serious problem: informed and earnest as they may be, many in the Council process largely don't know how halibut and blackcod fishing works. We are the ones who have to live with the results of their decisions. We need to define ourselves instead of assuming others understand us.

The mechanics of this wouldn't be too difficult. First, the Council would defer final action on IFQ issues, as much as possible, until the December meeting. Then all the fishermen's associations involved with IFQs could meet in December a few days ahead of the Council.

Just as we do with the Conference Board at the IPHC, we would then deliver our collective point of view to the Council on each issue. We would have no official power, but whenever we reached a consensus, our authority would be impossible to ignore and difficult to dispute.

Anyone would still be free, of course, to testify however they like to the Council. Ultimately, though, this group should both save the Council a lot of time and also come up with better solutions.

Many of the issues ahead of us are the kind that require knowledgeable input from fishermen, not the kind (like IFQs) that require the tough politics of allocation. Rather than deciding who gets to fish, we need to work out other issues: a bird-deterrence regulation that really works and that we all can live with; better utilization of observer data and logbook data in conjunction with the blackcod survey for more accurate stock assessment; streamlining the observer program itself; keeping our NMFS logbook relevant to longlining; and verifying IFQ landings through some industry-wide standard. Anyone can come up with three or four other issues right away, I'm sure.

There are also some new allocation issues that primarily affect other gear groups. Nevertheless, we should definitely discuss them among ourselves. Proposals to limit the halibut sport-charter industry and to assign VBAs to trawlers are two that come to mind immediately – not to mention groundfish co-ops that include processors who also buy halibut and blackcod.

For all of these issues, the point is simple: we as a fleet are an essential part of making management plans for our fishery. With the Council calendar set up as it is, we are being left out of that process.

An inevitable benefit of this gathering would be the opportunity to consider other concerns jointly. For example, farmed halibut poses a potentially serious threat to our markets for halibut. This annual meeting would be a natural forum to present and receive any ideas for marketing, public relations, and political initiatives.

And, of course, this annual meeting would be a place where everyone would be making deals after hours and in the halls – buying and selling fish and quota.

IFQ fishermen are unique in the North Pacific. We fish offshore and are managed federally; but we are also owner/operators, unlike all the other offshore fleets that are largely corporate-owned with hired skippers.

We have “solved” our allocation problem with IFQs, something no other fishery has done. Every management decision of every other fishery is still colored by allocation issues. In the other fisheries, every single Council decision has allocation implications – who gets more fish and who gets less. Like it or not, halibut and blackcod management plans are often greatly affected by the politics of crab, cod, and pollock.

In such a climate, we need to distinguish ourselves in order to manage ourselves. The only way to do that is to meet annually and address the Council directly about halibut and blackcod.

If you think this is a good idea, write a letter (or ask your association manager to do so) to Rick Lauber, Chairman, North Pacific Fishery Management Council, 605 West Fourth Avenue, Suite 306, Anchorage, Alaska 99501. Ask him to schedule final action for IFQ issues for the December meeting. Then plan on attending.

Mark S. Lundsten is owner/operator of the F/V Masonic and a member of Fishing Vessel Owners' Association.

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Gulf of Alaska Coastal Communities Coalition
P.O. Box 201236
Anchorage, Alaska 99520
tel. 907.561.7633 fax 907.561.7634
e-mail goaccc@alaska.net

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AUG 16 1999

N.P.F.M.C

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

Dear Chairman Lauber:

I am pleased to present a "Proposal to the North Pacific Fisheries Management Council for regulatory changes to the Restricted Access Management (RAM) requirements for ownership of halibut and sablefish Quota Shares."

The proposal seeks to implement certain recommendations regarding communities made by the Committee to Review Individual Fishing Quotas of the Ocean Studies Board; Commission on Geosciences, Environment, and Resources; National Research Council.

In our analysis of the situation we did consider the alternative of doing nothing. In our opinion, doing nothing is not a solution to the problem identified. The status quo will guarantee trends already established for these small fisheries dependent communities. Fishing jobs go first, then the young people leave and shortly thereafter the school is closed. Our communities are dying. The status quo is not acceptable.

We look forward to working with you, the Council and your staff to seek avenues which would mitigate the adverse impacts occurring in our communities. It is our opinion that our communities have intrinsic value not only in their own right; but also that they have tremendous value to the larger communities.

Thank you for your consideration in this matter.

Very truly yours,



Thomas H. Abel
Chairman

ENCLOSURE: Proposal
cc: NPFMC

**FISHERY MANAGEMENT PLAN AMENDMENT
PROPOSAL**

North Pacific Fishery Management Council

Name of Proposer: Gulf of Alaska Coastal Communities Coalition
Date: August 16, 1999

Address: P.O. Box 201236 Anchorage, AK 99520

Telephone: 907-561-7633 **Fax:** 907-561-7634

Please check applicable box(es):

- Bycatch Reduction
- BSAI Groundfish FMP
- GOA Groundfish FMP
- BSAI Crab FMP
- Scallop FMP
- Halibut/Sablefish IFQs
- Habitat Areas of Particular Concern (HAPC)

Brief Statement of Proposal: See attached

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Objectives of Proposal (What is the problem?): See attached.

Need and Justification for Council Action (Why can't the problem be resolved through any other channels?): See attached.

Foreseeable Impacts of Proposal (Who wins, who loses?): See attached.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem? See attached.

Supportive Data & Other Information (What data are available and where can they be found?): See attached.

Signature:

Thomas H. Abel, Chairman

August 16, 1999

GULF OF ALASKA COASTAL COMMUNITIES COALITION, INC.

P.O. Box 201236
Anchorage, AK 99520

ITEM: "Gulf of Alaska Communities Fisheries Program"

Proposal to the North Pacific Fishery Management Council for regulatory changes to the Restricted Access Management (RAM) requirements for ownership of halibut and sablefish Quota Shares

DATE: August 16, 1999

BRIEF STATEMENT OF THE PROPOSAL:

A request to amend the Restricted Access Management (RAM) regulations to allow small fishing dependent communities in the Gulf of Alaska, with no road access to larger communities, to form community-based, non-profit organizations¹ which could acquire – through the open market – halibut and sablefish Quota Shares for the purpose of retaining Quota Shares in the communities for lease to and use by resident commercial fishermen.

OBJECTIVES OF THE PROPOSAL (What is the problem?):

There is a steady outflow of Quota Shares and other permit based fishing opportunities from the small fishing dependent communities in the Gulf of Alaska. As there is no substitute for the fishing industry in these communities, they are suffering from an economic decline.

The objective of this proposal is to provide an opportunity for the sustained participation of these fishing dependent communities in the halibut and sablefish fisheries and to minimize the adverse economic impacts experienced by these communities.

The proposal seeks to stop the decline of fishing opportunities in these communities by creating a mechanism that could reverse the outflow of Quota Shares and make them available for

¹ To be formed pursuant to Alaska Statutes.

use by resident fishermen (owners/operators), thereby creating more local jobs and contributing to local economic stabilization.

NEED AND JUSTIFICATION FOR COUNCIL ACTION (Why can't the problem be solved through other channels?):

Under the current RAM regulations, only initial recipients and qualifying fishermen may acquire Quota Shares, except for corporations which may purchase and hold Category A shares. Therefore, a change in the regulations is necessary if non-profit, community-based organizations are to be allowed to make fair market purchases of Quota Shares for the purpose of leasing those Quota Shares to resident fishermen.

FORESEEABLE IMPACTS OF THE PROPOSAL (Who wins, who loses?):

Participating communities would win because non-profit organizations could be created for the purpose of acquiring and retaining Quota Shares for the economic benefit of their communities. Participating and adjacent "hub" communities, will benefit from more healthy and stable community economies which provide more local jobs and require more goods and services, etc.

Expanding participants in the Quota Share market may slightly increase the price of shares, which could be detrimental to those seeking to purchase Quota Shares, but this effect, if it happens at all, would be offset by being beneficial for those selling Quota Shares.

ARE THERE ALTERNATIVE SOLUTIONS? (If so, what are they and why do you consider your proposal the best way of solving the problem?):

It has been suggested that low interest loans or other financing alternatives would help reduce the outflow of Quota Shares and other fishing opportunities from small rural communities. While such financial programs may benefit some individuals in the communities, they do not address the larger issue of access opportunities for the majority of community residents, especially the younger residents. Also, it is important to remember that any fishing right owned by an individual – including residents of small communities – can be freely transferred out of the community.

Others have suggested that existing entities such as ANCSA corporations fund the purchase of IFQs. However, it is problematic for ANCSA corporations to discriminate between shareholders by providing specific benefits to an individual or a small group of individuals. In addition, the problems with individual ownership outlined above would remain.

A third suggestion was to request halibut and sablefish community development quotas for the Gulf of Alaska. While this type of allocation may address some of the resource access problems

experienced by residents of rural communities, creating halibut and sablefish CDQs out of an existing IFQ program would be disruptive and is viewed as inappropriate by the GOAC³.

Finally, maintaining the status quo is always an alternative, but doing nothing only guarantees the continued downward economic spiral of the small fishing dependent communities in the Gulf of Alaska.

We believe this proposal offers the small fishing dependent communities in the Gulf of Alaska an opportunity to help themselves without disrupting the current IFQ programs. The newly formed community-based non-profit organizations would enter the market, just like any other buyer, to acquire Quota Shares. Once acquired, those shares would be leased to resident fishermen, thereby creating an opportunity for those fishermen to diversify into new fisheries, expand their season, improve their income, and provide new jobs, to name only a few of the potential benefits to be derived from this proposal.

SUPPORTIVE DATA AND OTHER INFORMATION (What data are available and where can they be found?):

A detailed list of resources and citations will be available for the Council during the October Council meeting in Seattle and the following is only meant to indicate that there are data which substantially supports our position.

1. State of Alaska, Department of Fish & Game, Commercial Fisheries Entry Commission (CFEC) reports entitled "Holdings of Limited Entry Permits, Sablefish Quota Shares, and Halibut Quota Shares Through 1997 and Data on Fishery Gross Earnings."
2. "Sharing the Fish: Toward a National Policy on IFQ's"
Ocean Studies Board Commission on Geosciences, Environment, and Resources,
National Research Council, National Academy Press, Washington, D.C., 1999.
3. "The Community Development Quota Program in Alaska"
National Research Council, National Academy Press, Washington, D.C., 1998.
4. Magnuson-Stevens Fishery Conservation Management Act (MSFCMA), Sec. 301(a)(8):

Conservation and management measures shall, consistent with the conservation requirements of this Act (including the prevention of overfishing and rebuilding of overfished stocks), take into account the importance of fishery resources to fishing communities in order to (A) provide for the sustained participation

of such communities, and (B) to the extent practicable, minimize adverse economic impacts on such communities.

5. "The IFQ Program: 1999 Report to the Fleet", See p. 24-26 – Consolidation of Quota Shares, Restricted Access Management Program, Alaska Region, National Marine Fisheries Service, Juneau, Alaska, February, 1999.

642501D.021

**GOA CO-OP COMMITTEE
MINUTES
OCTOBER 17, 1999**

The GOA Co-op Committee convened briefly on October 17, 1999 at approximately noon in Seattle, Washington. Members in attendance were Dave Hanson (Chairman), Chris Blackburn, Joe Childers, Brent Paine, and Beth Stewart for Dick Jacobsen. Duncan Fields, Ken Helligso, Joe Plesha, Ken Roemhildt, Mike Simpson, and John Iani did not attend. Jane DiCosimo, and four members of the public also attended.

The committee approved a problem statement drafted by Brent Paine that was requested by the committee during its June 1999 meeting. The chairman noted that a number of committee members were absent at this meeting, including two representatives of shoreside processing. The committee could reconvene at a future Council meeting to address any concerns about the proposed problem statement and options from absent committee members.

**Problem Statement
Cooperative Management of Gulf of Alaska Fisheries**

Problems:

- ◆ The trawl, hook-and-line and pot fisheries in the Gulf of Alaska federal fisheries are fully utilized. Competition for this resource has increased for a variety of reasons, including additional recent fishing effort due to declines in non-groundfish fisheries and increased effort by traditional, long-term fishermen.
- ◆ Fishermen who have made significant long-term investments and have long catch histories in the Gulf fisheries need protection from others who have little or limited history and wish to increase their participation in the fisheries.
- ◆ The race for fish has negative impacts on:
 - ◆ Efficient utilization
 - ◆ The ability of the fleet to make spatial and temporal adjustments necessary to comply with the sea lion RPAs
 - ◆ Bycatch
 - ◆ Safety
 - ◆ The ability of the fleet to avoid further over-capitalization, or to find a way to de-capitalize.
- ◆ With the advent of the AFA and the subsequent formation of a coop management structure in the Bering Sea Pollock fishery, the potential exists for increase in effort into the Gulf fisheries.
- ◆ Sideboard restrictions placed on AFA qualified vessels:
 - ◆ Do not deal with the race for fish amongst non-AFA vessels,
 - ◆ Can become more punitive rather than restrictive, and possibly do not provide adequate protection.
 - ◆ Can have allocative impacts within the AFA fleet that negatively impact GOA dependent AFA vessels.
- ◆ Ending the race for fish through coops in only one sector creates a market disadvantage for those harvesters and the processors with whom they contract, relative to those who operate in a coop based system.

Objectives:

- ◆ Allow participants in the fishery to catch up to their proportionate share of the harvest based upon a uniform catch history time window.
- ◆ End the race for fish through coops or other means of assigning shares to each vessel.
- ◆ Maintain the viability and vitality of the independent harvesters.
- ◆ Foster a healthy competitive market.
- ◆ Maintain the viability and vitality of the processing sector.
- ◆ Maintain the viability and vitality of fishing dependent communities.

Options:

- ◆ One form of protection is the formation of cooperatives. Proper development of fishermen's coop management structure can stop the problems associated with the current Olympic style fisheries, including: super short seasons, harvest of small fish, increased waste, lower quality product and allocation battles between users.
- ◆ Reduce latent licenses through a "prove up" requirement of minimum landings/tonnage.
- ◆ Subdivide quotas by vessel class grouping.
- ◆ Develop an ITQ system.

TO: RICK LAUBER
NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
605 W. 4TH AVE, #300
ANCHORAGE, ALASKA 99501

FROM: JAMES SCHMIDT
UPPER BLACK EDDY, PA 18972

RECEIVED
SEP 24 1999
N.P.F.M.C

DATE: SEPTEMBER 11, 1999

RE: HALIBUT PROPOSAL MADE BY MARK WAGNER

I want to express my support for the Halibut IFQ proposal made by Mark Wagner to your office.

As an owner of Class D halibut shares, I am restricted from fishing on Class C or above boats. This restricts my ability to purchase a larger boat and move up in different fisheries without selling my D Halibut class and buying C Halibut class shares. The only people benefiting from this system are the brokers. The 1996 fish down amendment helped small fisherman. I believe this amendment to fish up would also help all small fisherman.

January 8, 2000

North Pacific Fishery Management Council
Attention: Mr. Rick Lauber
605 West 4th Avenue, #300
Anchorage, Alaska 99501

RECEIVED

JAN 14 2000

N.P.F.M.C

Dear Mr. Lauber:

I hold approximately 7,000 pounds of 3B-D halibut shares. My complaints with the current block system are as follows:

1. It's becoming increasingly unsafe to fish halibut.
2. The canneries in Area 3B will only buy halibut when the salmon season is closed.
3. The above forces a small boat to fish in rough weather, or sit and wait until the weather comes down.
4. Due to the time factor, I find myself and others are taking a higher risk to harvest their quota shares.

I would sell my D-class shares and replace them with C-class but there is virtually no market for D class in 3B. The local small boat fleet has been gradually replaced with larger boats. I have been presented with two offers to sell, in both cases the buyers were trying to steal them.

To increase the safety of small boat halibut fishing, I am requesting the council adopts the fish up proposal for area 3B. This proposal will allow myself and others to fish their D-class on a class C vessel.

Sincerely,



Harry T Nolf
R. D. 4, Box 4328
Duncannon, PA 17020

FV SEA STAR

GOT YAS LLC.

POST OFFICE BOX 99367

SEATTLE WASHINGTON

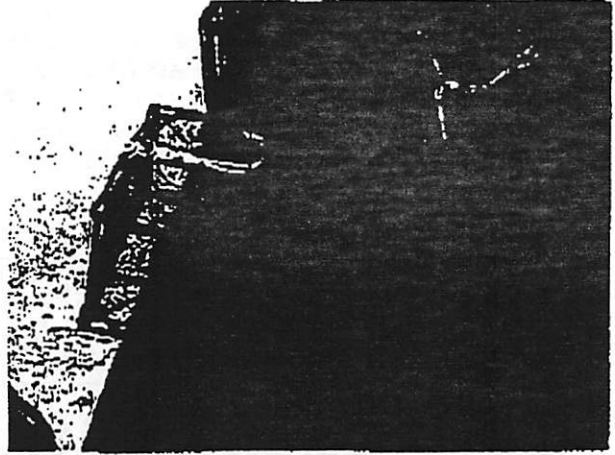
98199

phone (206) 286 9234

facsimile (206) 782 0408

e-mail FV SEASTAR@AOL.COM

to: NORTH PACIFIC COUNCIL
605 WEST 4th AVENUE
SUITE 306
ANCHORAGE, ALASKA
99501-2252



~~REDACTED~~ - SABLEFISH M&MWT

PREPARING FISH POT FOR LAUNCH

DEAR COUNCIL MEMBER,

I WOULD LIKE TO REVISIT A PROPOSAL I SUBMITTED FOR REVIEW FOUR YEARS AGO, TO THE NORTH PACIFIC COUNCIL. I BOTH READ THIS PROPOSAL BEFORE THE NORTH PACIFIC COUNCIL, AND SUBMITTED A WRITTEN COPY TO A STAFF MEMBER NAMED MARCUS HARTLEY IN 1995. THIS PROPOSAL ASKED FOR THE ABILITY TO CATCH MY BLACK COD QUOTA WITH POTS.

DURING THE QUALIFYING PERIOD I FISHED WITH ONLY POTS FOR SABLEFISH AND PACIFIC COD. HALIBUT QUOTA WAS NEVER ISSUED. OUR POT DESIGNS WERE SUCCESSFUL AT ELIMINATING HALIBUT BY-CATCH. WHEN THE SABLEFISH QUOTAS WERE ISSUED, MY BERING SEA QUOTA WAS TAKEN AWAY AND I WAS ISSUED CDQ COMPENSATION QUOTA IN WESTERN YAKUTAT AND SOUTHEAST ALASKA, TWO AREAS I HAVE NEVER FISHED. THE REST OF THE AREAS I WAS ISSUED A-CLASS SABLE FISH QUOTA SHARES INCLUDE CENTRAL GULF, WESTERN GULF, AND ALEUTIAN ISLANDS. I RECENTLY BOUGHT B-CLASS BERING SEA QUOTA SHARES. I PLAN ON FISHING MY QUOTA SHARES THIS NEXT YEAR OUT OF ECONOMIC NECESSITY FOR MY VESSEL.

DURING THESE PAST FOUR YEARS I HAVE NOT FISHED MY ALEUTIAN ISLAND QUOTA SHARES OR BROWN CRAB DUE TO A QUIRK BETWEEN FEDERAL AND STATE LAWS. DURING THE QUALIFYING YEARS WE FISHED SABLEFISH AND BROWN CRAB AT THE SAME TIME, AND SHORTLY AFTER MY LAST PRESENTATION I WENT TO AGAIN DO THE SAME. WHILE REGISTERING FOR THE BROWN CRAB FISHERY I INFORMED RANCE MORRISON OF THE ADFG THAT I INTENDED TO KEEP MY INCIDENTAL SABLEFISH BY-CATCH. I WAS ALSO TOLD BY NICK LEWIS OF NMFS THAT THE INTENT OF THE LAW STATED I HAD TO KEEP MY SABLEFISH BY-CATCH. I WAS INFORMED BY THE STATE THAT RETENTION OF GROUND FISH DURING CRAB OPERATIONS WERE ILLEGAL. THIS LAW WAS PASSED IN 1990. I WAS INFORMED THAT IF I WERE TO GO FISHING BY BOTH ENTITIES I WOULD END UP IN COURT. I COULD NOT AFFORD TO BUY INK BY THE BARREL LIKE THE STATE OR FEDERAL GOVERNMENT, HENCE I PUT MY POTS BACK ON THE BEACH AT A COST OF SEVEN HUNDRED FIFTY DOLLARS EACH WAY. OTHER THEN PAYING TO BE A TEST CASE AT THE TIME, I HAVE LOST MY RIGHTS TO THE BROWN CRAB FISHERY UNDER THE CURRENT LICENCE LIMITATION PLAN. THIS QUIRK IN THE LAWS SHOULD BE CORRECTED WITH THE FEDERAL GOVERNMENT TAKING THE LEAD IN WORKING WITH THE STATE TO COME UP WITH A COMPROMISE. THE ONLY EXCEPTION TO THIS LAW. WE CAN HAVE BAIT POTS FOR PACIFIC COD WHEN FISHING FOR KING OR TANNER CRAB.

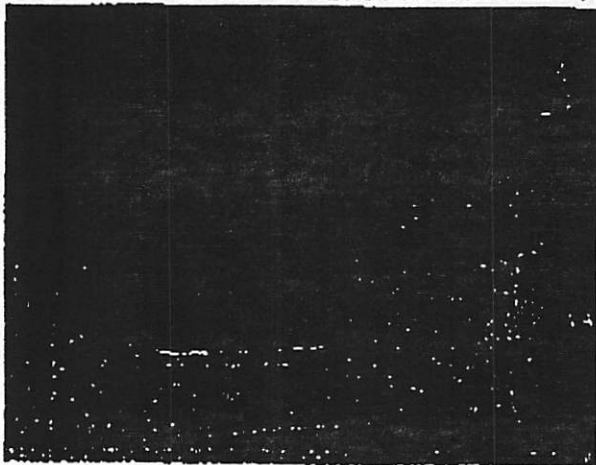
CURRENTLY THE STATE OF ALASKA ALLOWS SINGLE POT OR LONGLINE FISHING IN THE CENTRAL GULF AND SINGLE POT ONLY IN SOUTHEAST ALASKA INSIDE WATERS FOR BROWN CRAB. ALASKA STATE REGULATIONS IN KODIAK AREA ALLOW THE USE OF SEVENTY FIVE SINGLE LARGE (20 FEET OR GREATER IN PERIMETER, LESS THE 42 INCHES HIGH) POTS WHEN FISHING FOR BROWN

CRAB OR ONE HUNDRED FIFTY SMALL POTS (LESS THEN TWENTY FEET IN PERIMETER, LESS THEN 42 INCHES HIGH). SOUTHEAST ALASKA ALLOWS ONE HUNDRED POTS WHEN FISHING FOR BROWN CRAB. THE BROWN CRAB FISHERIES ARE A DEEP WATER FISHERY MUCH SIMALAR TO FISHING FOR SABLEFISH. ALASKA STATE LAW RESTRICTS BROWN CRAB FISHING OPERATIONS TO WATERS TWO HUNDRED FATHOMS OR GREATER IN DEPTH. WHEN I MADE MY LAST PRESENTATION BEFORE THE NORTH PACIFIC COUNCIL, THE STATE HAD JUST ISSUED SABLEFISH POT PERMITS FOR CLARENCE STRAIGHT. AT THAT TIME I HAD TALKED TO A GENTLEMAN BY THE NAME OF RICHARD WARD, OF KETCHIKAN ALASKA, WHO WAS ONE OF THE FIRST TO RECEIVE A CLARENCE STRAIGHT SABLEFISH POT PERMIT. I DO NOT KNOW IF ANYONE IS FISHING FOR SABLEFISH WITH POTS IN SOUTHEAST ALASKA OR THE STATE ALLOWED THE PERMIT HOLDERS TO SWITCH TO HOOKS.

RECENTLY I HAVE LISTED MY CENTRAL GULF, SOUTHEAST, AND WESTERN YAKATAT QUOTA SHARES TO TRADE FOR BERING SEA QUOTA. IT APPEARS THAT THE HOLDERS OF UNBLOCKED QUOTA SHARES IN THE BERING SEA WERE ISSUED STATEWIDE QUOTAS WHICH EXCEED THE CAP CURRENTLY IN PLACE. IF THEY SELL THERE QUOTA SHARES, THEY CANNOT REPLACE THEM FOR THE LAW ONLY ALLOWS A MAXIMUM AMOUNT OF QUOTA SHARES TO BE OWNED. AS FOR THE BERING SEA BLOCKED QUOTA SHARES, TWO BLOCKS DO NOT DO NOT ADD UP TO ENOUGH TO MEET START UP EXPENSES. CURRENTLY THE 1999 SWEEP UP PROVISIONS ALLOW 5,900 POUNDS TO BE SWEEP UP PER BLOCK. WOULD IT BE POSSIBLE TO CHANGE ONLY THE BERING SEA BLOCKED QUOTA SHARES TO BE SWEEP UP TO FIFTEEN OR TWENTY THOUSAND POUND AMOUNTS. THIS WOULD ALLOW MANY OF THE BERING SEA CRAB VESSELS TO HARVEST SABLEFISH WHICH IS NOT HARVESTED DUE TO MARINE MAMMAL INTERACTION FISHING HOOK AND LINE.

AS FOR ENVIRONMENTAL ISSUES CONCERNING FISH POTS VS. HOOK AND LINE FISHERIES, MANY STUDIES HAVE BEEN DONE IN THE PACIFIC COD INDUSTRY. FISH POTS HAVE DEMONSTRATED THE ABILITY TO ELIMINATE HALIBUT BY-CATCH. FISH POTS HAVE NO KNOWN INTERACTION WITH BIRDS AND THE SHORT TAIL ALBOTROSS WOULD NOT BE IN DANGER OF BEING TAKEN DURING POT FISHING OPERATIONS. MARINE MAMMAL INTERACTION WITH POTS WOULD BE NIL, WITH ONE HUNDRED PERCENT OF THE SABLEFISH RETAINED AND NOT EATEN BY MARINE MAMMALS. THE LAST BENEFIT FOR ALLOWING A FISHERY WITH POTS WOULD BE JUVINILE SABLEFISH RETENTION WOULD BE MINIMIZED WITH THE JUVINILES CULLED OUT OF THE FISH POT BY CURRENT MESH SIZE REGULATION. ANY MARINE MAMMAL INTERACTION THAT WOULD OCCUR WOULD BE WITH OUR RETURNING BACK TO SEA ANY LIVE UNWANTED SPECIE. SHOULD THEIR BE ANY MARINE MAMMALS IN THE AREA, THIS WOULD BE CONSTRUED TO BE A FORM OF HARRISMENT BY FEEDING THE MARINE MAMMALS. IN 1989 I WAS ASKED BY NATIONAL MARINE FISHERIES ABOUT ANY MARINE MAMMAL INTERACTION WITH THE USE OF FISH POTS. I HAD SENT THEM A TAPE CONCERNING OUR FISHING OPERATIONS WITH EVIDENCE OF MY CREW FEEDING ORCA WHALES JUVINILE SABLEFISH. AT THE TIME I WAS INFORMED BY NATIONAL MARINE FISHERIES THAT FEEDING WHALES WAS ILLEGAL AND MY TAPE WAS KEPT BY ENFORCEMENT FOR BREAKING THE LAW.

I HERE BY WOULD LIKE TO REQUEST A SPECIAL PERMIT OR CHANGE IN THE LAW TO HARVEST MY SABLEFISH QUOTA SHARES IN THE CENTRAL GULF AND WESTERN GULF AREAS FOR THE YEAR 2000. MY QUOTA SHARES FOR SOUTHEAST ALASKA AND WESTERN YAKATAT I PLAN ON TRADING FOR BERING SEA QUOTA, WHERE I CAN FISH LEGALLY WITH POTS. MY INTENTION WOULD BE TO FISH WITH NO MORE THEN SEVENTY FIVE SINGLE POTS IN ANY AREA.



THANK YOU

LARRY HENDRICKS

Alaska Custom Seafood Inc.
4174 Homer Split Road
Box 996; Homer, Alaska
Tel 907-235-7512 Fax 235-7518 Cell 299-1871
Seafood@xyz.net

RECEIVED
NOV 30 1999
N.P.F.M.C

North Pacific Fisheries Management Council
Honorable Chairman Lauber

I respectfully submit the following amendment for your consideration:

- IFQ overages over ten percent of the final load, and less than ten percent of the total quota owned, should be deducted from next years quota with no additional penalties. Payment for any overage over ten percent is to go to NMFS with a simple Administrative Abandonment.

Reasoning

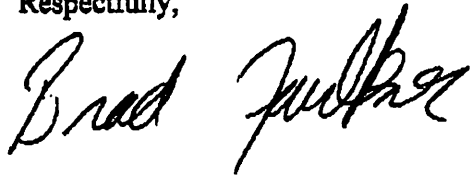
Last year, the Council voted to increase the penalty for an overage over ten percent of the last load. This includes confiscation of the entire ten percent plus a large fine. The reasoning cited was a bi-nodal hump in the expected bell curve for landing statistics. This hump is easily explained by the prevalent practice of multiple permit holders on a single boat maxing their cards at ten percent over. Because this law applies only to the last landing, the reality is that fishers have received excessive fines, for overages of as little as one pound of fish, that do not exceed one tenth of one percent of there total quota.

The prevalent practice for figuring weights is the IPHC weight length chart. The IPHC charters have shown that this chart is off from five to ten percent. The reality is that fishers worried about large fines, for a single pound over, consistently under deliver, requiring small clean up loads that have even smaller leeway for error.

Deducting the overage from next year, with pay going to NMFS, is plenty of disincentive without the imposition of criminal penalties. It will also decrease NMFS administrative load.

The real benefit in my mind is decriminalizing the process of moving fish. In the extreme example, I have one fisher with 20,000 pounds of quota who received a citation for 24# over his final delivery of 230#'s.

Respectfully,



Brad Faulkner

RECEIVED

JAN 18 2000

January 11, 2000

Mr. Rick Lauber
North Pacific Fishery Management Council
605 W. 4th Avenue #300
Anchorage, Alaska 99501

N.P.F.M.C

Dear Mr. Lauber,

I am writing to support the fish up proposal, which will permit Area 3B-D IFQ shares to be fished on a vessel up to 60 foot in length. I strongly agree with the safety issues and the lack of marketing problems for selling 3B-D quota shares that were mentioned in the proposal.

As a crewmember who didn't qualify under the original program and later purchased quota shares, I now feel trapped in a flawed system. I bought my 61,001 D-class quota shares in 1996. At that time, for me to fish halibut, I was only permitted to buy shares for the vessel class size that I fished on. Obviously, if I had known the fish down amendment was being considered, I would have bought B or C class shares to be able to fish halibut on a larger boat in the future. That would have allowed me to fish safer and to have had access to more markets during the salmon season. Since 1997, I've been trying to sell my shares to buy B or C class. There have not been any offers. If the fish down amendment had not been adopted in August 1996, there would still be a small market to sell my D-class shares. Other Area 3B-D shareholders and myself were severely hurt when the fish down amendment was enacted.

The original quota shares were issued based on qualifying years 1984-1990 when many small boats were fished. Nowadays, to make a living by fishing in Area 3B, fishermen have upgraded to larger boats for safety and competitiveness. In King Cove, Sand Point and Chignik very few people own fishing boats 35 foot or under. Though there are many registered skiffs in 3B, they are used for salmon fishing, not for halibut fishing.

By keeping the present restriction, existing Area 3B-D-class share holders and future entry level participants are hurt, not helped. For the most part, the present IFQ program works, however, there are some parts of the program broken. In closing, I'm asking the Council to fix this particular part.

Thank you,



EDWARD A. WAGNER

E. Wagner
P.O. Box 172
Revere, PA 15953

Queen Anne Fisheries, Inc.
1939 Eighth Avenue West
Seattle, Washington 98119
206-284-9158

RECEIVED
JAN 28 2000
N.P.F.M.C

*Mark S. Lundsten, Captain
F/V Masonic*

January 27, 2000

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

Dear Rick,

I encourage you to decide in favor of two proposals I made last fall. One is to schedule all final action on halibut/sablefish issues for December meetings. The other is to correct an inconsistency between the regulations for vessel IFQ caps and the 10% overage regulations.

First, with the agendas of Council meetings running a week or more, five times a year, working fishermen have more and more difficulty contributing to fisheries management. This is a significant loss to the process. If we had one, single meeting in the off-season when as many halibut/sablefish issues as possible could be dealt with, more of the active fishermen could take part again. Since we are already setting sablefish quotas in December, that meeting would be a natural. I strongly believe that the Council needs to hear directly from owner/operators and crew in the halibut/sablefish fleet. Our system is complex and still in its initial development. It requires the collaboration of working fishermen with the managers. Please provide us with a forum for that by scheduling all final action on halibut/sablefish issues at December meetings.

Second, please allow any IFQ vessel to go over the vessel cap by 10% of whatever poundage the vessel is below the cap before the last trip. This would make the regulations consistent with those for individual overages. Currently the two sets of regulations are in conflict. For boats that only harvest first-generation quota, this is not a

problem. Their grandfather rights eliminate the conflict. But for any vessel that harvests up to the vessel cap with any second-generation quota, RAM tolerates no overage at all, even though they allow a 10% overage on any individual's IFQs. Please change the regulation on vessel caps to be consistent with those for IFQ overages.

Thanks for your consideration.

Sincerely,



Mark S. Lundsten

**LETTER IN FAVOR OF INCREASING NUMBER OF BLOCKS
THAT CAN BE PURCHASED FROM 2 TO 4 FOR
AREAS 3B, 4A, AND 4B (HALIBUT IFQ'S).**

RECEIVED

January 27, 2000

JAN 28 2000

TO: NPFMC Members
605 W. 4th St, Suite 306
Anchorage, AK 99501-2252

N.P.F.M.C

FROM: John Webb
92615 Astor Rd
Astoria, Or 97103

Dear Sirs:

I am writing in support of the proposal to increase the number of blocks, (areas 3B, 4A, and 4B), from two to four. My reasons are simple economics, and convenience.

When the IFQ program was initiated there were many owner-operators of small vessels that did not receive large amounts of quota shares. We had a choice, buy more, or get out. In my case I chose to buy. Unfortunately, as a small boat owner, the money I could borrow for IFQ's was limited, and competition for larger blocks was intense, driving prices very high. They will probably go even higher now that area 3A's TAC has dropped.

There has been an alternative for those of us with less than deep pockets. We can sweep together blocks for the westward areas. This has worked fairly well, but could be improved. Originally, it was proposed for areas 3B and 4 that the sweep-up amount would be equivalent to 5,000 lbs, (a block), vs. 3,000 lbs for the eastern areas of Alaska *.

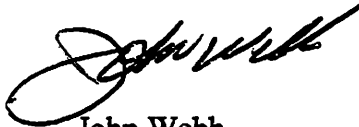
The proposal did not pass, and the sweep-up for the westward areas was capped at 3,000 lbs like the eastern areas of Alaska. I'm not sure the people who voted this down truly appreciated the logistics, and expense of getting any boat, (let alone a 32' vessel), its crew, and gear to remote areas like 3B and 4.

* (Pounds were determined at the time the sweep-up provision went into effect. What year? 1996?)

The ideas behind the block plan were made by fishermen in eastern Alaska usually living at home ports of relatively high numbers of resident fishermen. This afforded protection for the historical make-up of the small boat fleets.

Western Alaska is very different than Southeast Alaska. There typically is not a large resident small boat fleet fishing halibut, especially in area 4. The passage of this proposal would generally make the business of catching halibut for smaller boats in western Alaska much more cost-efficient, and practical.

Thank you,

A handwritten signature in black ink, appearing to read "John Webb", written in a cursive style.

John Webb

**LETTER IN FAVOR OF ALLOWING "D" CLASS HALIBUT SHARES BE
"FISHED UP" ON "C" CLASS VESSELS**

RECEIVED

January 26, 2000

JAN 28 2000

TO: NPFMC Members
605 W. 4th St, Suite 306
Anchorage, AK 99501-2252

N.P.F.M.C

FROM: John Webb
92615 Astor Rd
Astoria, Or 97103

To Whom it may concern:

I am writing in support of Mark Wagner's IFQ proposal. This proposal basically states that "D" Class IFQ holders would be allowed to "Fish up" their "D" shares on "C" class vessels in areas 3B, and 4A.

I have fished a 32' boat for halibut in areas 3A, 3B, and 4A since 1987. The two biggest obstacles I face fishing halibut in areas 3B, and 4A are weather, and markets. With the advent of the IFQ program I at least have the flexibility to fish the best weather possible, but a lot of the time the best weather in 3B and 4A is fairly large for a 32' boat. To be able to take their "D" shares, and jump on a "C" vessel would enable fishermen like me to fish a much larger percentage of time during the season (March 15 - November 15), with the added benefit of possibly able to capitalize on the best price of the season, (typically the last 2 weeks). Currently this is out of the question for safety considerations due to weather.

Secondly, I would like to say that most "D" Class vessels are very limited in their abilities to hold, and transport any volume of halibut to fresh market ports. However, in 4A, Dutch Harbor has gone through a dramatic change in the last year. The processors there have aggressively pursued the fresh market, and it has been highly successful due to the fact that they have regularly scheduled container ship service to Seattle.

3B, on the other hand has personally been a logistical nightmare. On my boat I will not fish 3B, and transport the fish to ports such as Kodiak, or Dutch Harbor, because I don't believe that I can deliver a quality product that most markets demand. All 3 markets (King Cove, Sand Point, and Chignik) in 3B are frozen fish only processors, as they have no viable way to get fresh fish to Seattle. This by itself would not be a problem, as I would readily accept the lower price for a frozen product, and get on with life, but, on numerous occasions, more often than not, any, or all of these ports have been unable to buy halibut. Here are some of the reasons I've heard:

- A. We're only buying from our fleet;
- B. We're only processing salmon;
- C. We're only processing pollock;
- D. We're plugged;
- E. The cannery is closing.

Once again by allowing us to "fish up" our "D" shares we could alleviate this problem by delivering a high quality product to fresh fish ports outside of 3B.

Now, I don't want to seem the ungrateful piss-pot fisherman that I probably am. I truly am thankful the NPFMC allowed small boat owners the ability to "fish down" halibut shares. With out this amendment, most small boat halibut fishermen in the westward areas of Alaska would be out of business, as there simply were not enough "D" shares available to make a viable business possible.

I realize my 32' boat will never be equal with bigger boats on certain things. That doesn't mean I want to be considered a second class fisherman due to the lack of the right regulation. The passage of this proposal would go a long way to giving some of the options to small vessel operators that larger vessels already have, and take for granted.

Thank you for your time,


John Webb

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

Comments on IFQ Proposals #1 and #4

Kenneth Mack's proposal to increase the number of IFQ blocks a person can own in area 3B and 4 from 2 to 4 makes real sense for small boat fishermen in these areas. These fishermen have real problems acquiring enough 3B and 4 IFQ to make a profitable trip. The proposed change in proposals #1 and #4 would make it easier to purchase enough IFQ to make fishing these areas more viable.

There is much less IFQ on the market to chose from at any one time in areas 3B and 4 than 2C and 3A making accumulation much harder. This difference warrants different block limits.

Because of these reason I am strongly in favor of these proposals.

Sincerely,

Scott Stevenson

Scott Stevenson
Vice President
Bristol Bay Driftnetters' Association

RECEIVED
FEB -1 2000
N.P.F.M.C

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

Comments on IFQ Proposal #2

I am in favor of IFQ Proposal #2 to make blocks that are greater than 20,000 pounds in size into Unblocked IFQ. I am a broker with The Permit Master and the problem stated by Mr. Whitmire is very real. Large blocks in 4A and 3B are very hard to sell because of their size and the large amount of money it takes to purchase them.

The other problem that this would fix is that unlike 2C and 3A there is almost no unblocked IFQ on the market in 3B and 4A. This effectively does away with the best method of being able to increase your IFQ holdings, as you are able to.

The reason so little unblocked shares are available is that these areas were very underutilized and therefore very few fishermen were able to qualify for unblocked status. Also because of mistakes in stock assessment models at the time the TAC for these areas was grossly underestimated in the year that set the initial issue poundage.

Please support this proposal.

Sincerely,



Scott Stevenson
Vice President
Bristol Bay Driftnetters' Association

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N.P.F.M.C

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

Comments on IFQ Proposal #3


I am in favor of IFQ Proposal #3 to increase the number of IFQ blocks a person can own in area 3B and 4 from 2 to 4. This proposal makes real sense for small boat fishermen in these areas. These fishermen have real problems acquiring enough 3B and 4 IFQ to make a profitable trip. The proposed change in the two proposals would make it easier to purchase enough IFQ to make fishing these areas more viable.

There is much less IFQ on the market to chose from at any one time in areas 3B and 4 than 2C and 3A making accumulation much harder. This difference warrants different block limits.

Because of these reason I am strongly in favor of these proposals.

Please support this proposal.

Sincerely,


Scott Stevenson
Vice President
Bristol Bay Driftnetters' Association

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

Comments on IFQ Proposal #7

I am in favor of IFQ Proposal #7 to do away with "D" class shares and convert them to "C" class shares. Because of the available shelter and continuous Halibut market in 2C and 3A "D" class shares have a viable reason for being.

The situation in 3B and 4 is a totally different story. Much of the season the processor available to the area is busy with other fisheries and either pays a very low price or doesn't accept Halibut at all. Secondly there is not much shelter available for the small boats to be able to fish safely.

This proposal speaks to a problem that exists in 3B and 4 where the weather can make it impossible to fish "D" class shares for months on end. This combined with the lack of local markets during the good weather, because of salmon, makes for a real problem that is taken care of by this proposal.

Please support this proposal.

Sincerely,



Scott Stevenson
Vice President
Bristol Bay Driftnetters' Association

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

Comments on IFQ Proposal #10

I am opposed to IFQ Proposal #10 to change the ownership requirements of IFQ to allow a coastal community to buy IFQ and lease it out to community members.

This proposal would create a new class of IFQ holder with very unfair advantages over all other classes. This proposal would also create an even larger problem than unfair advantages. The proposal would create a dangerous consolidation of shares from individual fishermen to this new class of owner.

I am opposed to this proposal. The stated purpose of this proposal could be easily accomplished by a loan program from the communities to their residents with a residency requirement. This would make the shares locally available without having to change the ownership requirements. This would also keep the shares in individual fishermen's names which would be in keeping with the intent of the IFQ program.

Please reject this proposal.

Sincerely,

Scott Stevenson
Vice President
Bristol Bay Driftnetters' Association

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

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Comments on IFQ Proposals #1 and #4

Kenneth Mack's proposal to increase the number of IFQ blocks a person can own in area 3B and 4 from 2 to 4 makes real sense for small boat fishermen in these areas. My fellow small boat fisherman and I have real problems separate from those in 3a and 2c. Acquiring enough 3B and 4 IFQ to make a profitable trip has become very difficult because the property sizes available are either very large or very small. The proposed change that the two proposals would address, make it easier to purchase enough IFQ to make fishing these areas more viable.

The fishermen that these changes would effect are largely smaller IFQ first-generation vessel IFQ holders.

I believe that the four block change would be the most effective if it was limited to C & D class vessels only. It is important to realize that the vast majority of original unblocked quota in areas 3B & 4 was issued in B class shares.

Another supportive point in favor of the proposal changes is that much less IFQ exists on the market to choose from at any one time in areas 3B and 4 compared to 2C and 3A making accumulation much harder. This difference warrants different block limits.

Because of these reason I am strongly in favor of these proposals.

Please support proposals 1 & 4

Sincerely,

Gregory Elwood

Second generation IFQ holder/ fisherman areas 3B & 4

Gregory Elwood

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N.P.F.M.C

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

Comments on IFQ Proposal #2

I am in favor of IFQ Proposal #2 to make blocks that are greater than 20,000 pounds in size into Unblocked IFQ based on the now available science.

I am a second-generation small boat fisherman [my is vessel under 40 ft.] with quota in 3b and areas 4 and believes it necessary to adjust the block limit upward for the following reasons.

The Council originally established the TAC in each statistical area for the purpose of issuing IFQ unit distribution based on historic catches. At the time there was little or no science available to evaluate stock abundance in 3B and 4.

To underscore the statistical results of the initial artificially low set point for unblocked, consider that only four C class vessels in area 3B received unblocked quota.

The TAC was established without benefit of the setline surveys of today.

With the benefit of IPHC setline surveys over the last four years in 3B & 4 we have science that strongly indicate that the initial TAC was way off the mark.

Just because the TAC was originally set without the benefit of hard science is no justification for not adjusting the set point of unblocked quota in 3B & 4.

Large blocks in 4 and 3B are very hard to sell because of their size and the large amount of money it takes to purchase them.

The other problem that resetting the unblocked threshold would address is that unlike 2C and 3A there is almost no unblocked IFQ on the market in 3B and 4A C & D class. This has effectively done away with the best method of being able to increase your IFQ holdings, as you are able to, by purchasing the size of quota that one can afford at the time.

The original no science factor in stock assessment models at the time the TAC for 3B & 4 were established begs to be addressed. I am asking those areas 3B & 4 for unblocked be reset so as to more accurately reflect the estimated long term TAC.

I presently sit on the industry AP for IPHC and have heard the question presented to IPHC scientist. What is the estimated long term TAC in area 3B & 4? Commission scientists have indicated around 10 million 3B and 13 million in areas 4.

I would urge the NPMC to ask IPHC staff for current science based on IPHC setline surveys from years 96 97 98 99 in areas 3B & 4 to establish the reset levels based on science that would address these issues.

Please support this proposal.

Sincerely,

Gregory Elwood

Second generation IFQ holder/ fisherman areas 3B & 4



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

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FEB - 2 2000

N.P.F.M.C

Comments on IFQ Proposal #3

I am in favor of IFQ Proposal #3 to increase the number of IFQ blocks a person can own in area 3B and 4 from 2 to 4 or ?. Being a small boat fisherman myself I can speak for many skippers in the small boat fleet when saying this proposal makes real sense. These fishermen have real problems acquiring enough 3B and 4 IFQ to make a profitable trip. The proposed changes would make it easier to purchase enough IFQ to make fishing these areas more viable, especially for smaller vessels.

Also, it is a daunting task and expense being force to sell one of the two blocks that most small boat fisherman own in order to buy a blocked property larger than the one that's being sold. This can be a giant exercise in frustration.

There is much less IFQ on the market to choose from at any one time in areas 3B and 4 than in 2C and 3A making accumulation much harder. This difference warrants different block limits.

I believe that this proposal change would be the most effective if it was limited in scope to C & D class vessels and that only individuals with blocked quota only would qualify for the four block ownership. As B class vessels had the vast majority of original unblocked quota in area 3B & 4.

Because of these reason I am strongly in favor of these proposals.
Please support this proposal.

Sincerely,
Gregory Elwood
Second generation IFQ holder/ fisherman areas 3B & 4

Gregory Elwood

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

RECEIVED

FEB - 2 2000

N.P.F.M.C

Comments on IFQ Proposals #5

I am in favor of IFQ proposal #5 that would do away with the double standard that presently exists between the first and second-generation IFQ shareholders.

I believe strongly that second generation IFQ holders should have the same rights and usage's that first generation IFQ holders have.

As a matter of recorded over 50% of all quota landed from areas 3B & 4 harvested by hired skippers.

Having two classes of IFQ holders is a very unfair situation.

Also, this two tiered system is causing very serious consequences for individuals and families who face personnel crises that make it impossible for a quota holder to harvest their quota.

Because of events beyond their control such as injury or a catastrophic health concerns, real people with real families have had to make very hard choices. When making a living becomes a choice between health and income we end up with a very serious social problem.

I am aware that in the past there has been reluctance by the Council to address possible mechanisms for dealing with the medical issues. However the real truth is the average age of IFQ holder is nearing the 50-year-old range and this issue is going to grow in importance.

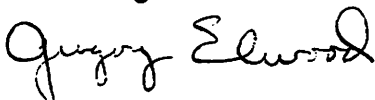
But for the first generation IFQ holders and their families these concerns are a non-issue.

I hope that the disparity between the two classes of fisherman can be addressed so that second generation IFQ fisherman can have the peace of mind that comes with knowing a person won't be forced to choose between health and earning a living.

Let's have equality amongst IFQ holders

Support proposition # 5

Gregory Elwood
Second generation IFQ holder/ Fisherman 3B & 4



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N.P.F.M.C

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

Comments on IFQ Proposal #7

I am in favor of IFQ Proposal #7 to do away with "D" class shares and convert them to "C" class shares. Because of the available shelter and continuous Halibut market in 2C and 3A "D" class shares have a viable reason for being.

The situation in 3B and 4 is a totally different story. Much of the season the processor available to the area is busy with other fisheries and either pays a very low price or doesn't accept Halibut at all. Secondly there is not much shelter available for the small boats to be able to fish safely.

This proposal speaks to a problem that exists in 3B and 4 where the weather can make it impossible to fish "D" class shares for months on end.

This combined with the lack of processor flexibility because of seasonal salmon production causing large bottlenecks thus limiting market options for halibut harvesters.

Please support this proposal.

Sincerely,
Gregory Elwood
Second generation IFQ holder/ fisherman areas 3B & 4

Gregory Elwood

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NPFMC

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

Comments on IFQ Proposal #10

I am undecided on Proposal #10 to change the ownership requirements of IFQ to allow a coastal community to buy IFQ and lease it out to community members.

I think it reasonable that coastal communities have access to the resources around their communities. Whether that means a special class of IFQ holders as proposition #10 proposes, or loan programs that give residents of coastal communities special advantages for Quota ownership such as lower interest loans, and or longer time horizon for loan amortization is something that deserves more analyses.

It is difficult to support proposal #10 without fully knowing the impact that such a redistribution of ownership would have on the IFQ program as it was originally written. Show us detailed plans so industry can fully evaluate.

Undecided

Gregory Elwood
IFQ holder/ Fisherman 3B & 4

Gregory Elwood

Fairweather Fish, Inc.
F/V Golden Chalice
6320 Rosedale St. N.W.
Gig Harbor, WA 98335

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FEB - 2 2000

N.P.F.M.C

February 1, 2000

Dear North Pacific Management Council Members,

My Husband and I run and own one 58' longline catcher vessel. We have made large investments in the new IFQ fishery and any changes made are of great importance to us and our crew of 5.

We would like to make a few points before your February meeting, we are unable to travel to Anchorage at this time, but would hope that our comments would still be considered similarly.

Halibut Charter: What ever is done concerning this matter, it absolutely cannot infringe on the Commercial Halibut sector, because that fishery has been bought, sold, and mortgaged. Whatever decision, it should be based on abundance. 1995 should be the base year. It is the first year of IFQs, therefor the math that follows will not infringe on the commercial sector. 1995 is a more accurate middle starting point, considering our stable, but declining Biomas of 2000. Charter Boats need to be more reportable and more predictable, and whatever restrictions can produce any amount of either will be helpful. Making decisions today that lead up to limited entry or IFQs for the Commercial Halibut Charter fleet is a good idea. We favor IFQs for the Charter Fleet, because of the species relationship. We feel the council has a more extensive range of options with an IFQ system.

Areas 4, Bering Sea, and Aleutian Islands: A gradual approach to change in these areas seems to be the most sensible. We gave testimony to the council in 1997 on this issue, stating that there were so many small blocks in the westward areas that they were unfishable and unsellable. Further, that even if every deckhand, on every vessel, owned and caught two blocks, there would still be blocks with nowhere to go. This is still true today. That is why we support allowing each individual to own more blocks. It would be a small change, and it still allows the block program to remain in design.

Alaska Gulf Coalition: As former residents of Pelican, Juneau, and Homer, we can feel the changes in the smaller coastal communities. We can see the changes, as the vessel makes its way through nearly every regulatory area in Alaska. The Golden Chalice is 58', it *must* makes stops in many of these smaller communities every year. We agree that special attentions should be directed at maintaining the economy of coastal communities, but also believe that IFQs are not entirely responsible for the trend that has brought down the economy in Alaskan coastal communities. Under the IFQ system individuals may receive a TEC, residents should have no problem with that. There is no reason for leasing or corporate ownership. Many fishing charter type operations have developed in these smaller coastal communities, and if limitations are placed on Halibut Charter Operations, special allocations need to be made to residents and Native Alaskans.

This IFQ system is working, and has generally received quite an amount of praise. We feel that putting changes to this system on a slow track is best. Making small changes one at a time and allowing time to analyze the results. It is reasonable to believe that changes in other fisheries will also effect the IFQ market. We believe that crab fisherman may begin to buy quota share in westward areas, to balance the loss to their industry. We thank you for considering our comments.

Sincerely,

Mark Worley
Lisa Newland



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

AGENDA D-2
FEBRUARY 2000
Supplemental

November 17, 1999

Mr. Doug R. Ware
F/V LITTLE SIOUX
P.O. Box 1291
Petersburg, Alaska 99833

Dear Mr. Ware:

Thank you for your letter to Phil Smith dated November 10, 1999, in which you inquire about the potential for carrying over your remaining unfished 1999 halibut Individual Fishing Quota (IFQ) pounds on permit #2263. Mr. Smith is unavailable until early December and rather than have you await his return, I will address your questions in my capacity as Acting Restricted Access Management (RAM) Program Administrator.

As I understand your situation, you became seriously ill in September and for medical reasons, have been unable to fish your remaining 2,593 halibut pounds (which represent 30 percent of your entire 1999 IFQ account of 8,706 net weight pounds). IFQ administrative underage adjustments to IFQ permits are provided for in federal regulations at 50 CFR 679.40(e), which state in part: "Underages of up to 10 percent of a person's total annual IFQ account for a current fishing year will be added to that person's annual IFQ account in the year following the determination of the underage..." Unfortunately, IFQ regulations contain very limited provision for emergencies, medical or otherwise; and nothing that would enable the National Marine Fisheries Service (NMFS), RAM program to provide the relief you seek. We simply lack the authority to provide for more carryover than 10 percent of your IFQ account (which in your case amounts to 871 net weight pounds), regardless of the reason the pounds were not fished.

Changes to the IFQ adjustment rules represent changes to public policy in addition to regulatory changes; and more appropriately should be brought to the North Pacific Fishery Management Council (Council). Regulatory changes typically can take over a year from proposal to implementation, a process that is likely too slow to improve your situation for 2000. At the time the IFQ program was designed, the Council felt there was allowance for temporary medical problems in the eight month length of the fishing season. Also, regulations require that the permit



holder be on board the vessel during fishing operations and that (s)he sign the landing receipt, not that (s)he perform any physical activity.

However, I wish to make you aware that two of the ten proposals for IFQ program changes recently submitted to the Council deal with medical emergencies. One requests authority for NMFS to approve emergency medical transfers of IFQ and the other requests authority to employ hired skippers in cases where the IFQ permit holder was otherwise unable to do so under current regulations. The Council will take public testimony and consider those proposals at its February 2000 meeting.

I have enclosed copies of those two proposals and encourage you to contact the Council to see how you might add your voice to other supporters. I also am forwarding a copy of your letter and this response to Clarence Pautzke, the Executive Director of the Council; and to Jane DiCosimo, the Council staff person who has the lead on these proposals. You can contact the Council in Anchorage at (907) 271-2809.

Please do not construe my answer as unsympathetic with your unfortunate situation. However, I do not see any way that RAM can provide relief. If you wish to discuss this further or if you require additional information, RAM can be reached as follows: toll-free at (800) 304-4846 (option 2); or (907) 586-7202 (option 2).

Sincerely,



Jessica Gharrett
Acting Program Administrator
Restricted Access Management

Enclosures

cc (w/o enclosures):
Phil Smith
Clarence Pautzke
✓ Jane DiCosimo

DOUGLAS R. WARE
F.V. LITTLE SIOUX
P.O. BOX 1291
PETERSBURG, AK 99833
Phone (907)772-3703

November 10, 1999

Mr. Philip Smith
National Marine Fisheries Service
Restricted Access Management Division
P.O. Box 21668
Juneau, AK 99802

Ref: Halibut Permit # 2263 ADFG #45345
Soc. Sec. No.: 480-58-5783

Dear Mr. Smith:

I am writing this to see what can be done to carry my remaining I.F.Q. Halibut pounds over to next year. My reasons for this request are as follows:

- Four days after a halibut trip in early September I developed peritonitis from acute diverticulosis (colon rupture).
- Hospitalized on September 11 in Petersburg.
- On September 12 I was air-lifted to Ketchikan for immediate surgery.
- I was in Ketchikan hospital until September 19.
- Due to colostomy operation and recovering from incisions, I was restricted to no lifting, in-home hospital care, and restricted movement for six weeks.
- Scheduled for surgery again in Ketchikan on November 2 or 9 to reconnect colon. This surgery was then rescheduled for November 23.

My Halibut Permit Number is 2263. I have 2,593 pounds remaining out of approx. 8,750. This is a valuable source of income for our family. We would not like to lose it.

I am enclosing copies of hospital and medi-vac records. If you require any further information, please contact me at the above address.

Thank you for your kind consideration in this matter.

Sincerely,

Doug R. Ware

Doug R. Ware

Enclosures:3

Feb. 2, 2000

Mr. Richard P. Lauber
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, Ak. 99501-2253

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N.P.F.M.C

Re: Agenda Item D-2

Dear Mr. Lauber,

I am submitting this testimony on behalf of a group of nine (9) boat owners who fish for pollock and p-cod in Area 610 in the Gulf of Alaska.

In order to stop the race and preserve our fisheries in the GOA, we support the following principles:

- We wish to maintain the viability and vitality of:
 - Fishing dependent communities
 - Independent fishermen
 - The fish processing sector
- In order to end the race for fish, Coops or ITQs should be used to assign harvest shares to individual vessels.
- Participants in all GOA groundfish fisheries should be allowed to catch up to their proportionate share of the harvest based upon a uniform catch history time window.
- We propose to use a uniform catch history time window of 1995-1999.
- We do not support tonnage requirements.

We support immediate Comprehensive Rationalization of pollock and p-cod fisheries in the entire Gulf of Alaska, including Area 610. We have participated in local area 610 groundfish fisheries for many years. We want to go on record as saying that we do not agree with the present Aleutians East Borough (AEB) position opposing implementation of groundfish Co-ops or ITQs in the Gulf of Alaska Area 610.

We oppose any program that would create groundfish Co-ops or ITQs in one area of the GOA and not all areas. We do not want to go through another year of writing Sideboards to protect ourselves from other Gulf fishermen or crabbers. We have no faith in Sideboards.

We oppose further implementation of special rules for vessels less than 60'. Even though most of our group is comprised of vessels than 60', we unanimously agree that special rules for small boats in this area are wrong, unfair to long time participants, and in the end they will not protect our fishery anyway. We feel that special rules for small boats will lead to "Capital stuffing" wars among GOA limit seiners. In fact, this is already happening. As long as open access continues and the possibility exists that fishing history will become valuable, new gear, additional horsepower, and bigger "small boats", will continue to cause the "race for fish" to accelerate.

We feel that the Endangered Species Act (ESA) is presently the biggest threat to our businesses. We suspect that the order from Federal Court to spread out the fisheries "temporally and spatially" is not being achieved. Only comprehensive rationalization offers the tools necessary to achieve the mandates required by the ESA, to slow the fisheries down.

We strongly endorse efforts under way in Kodiak and among the BSAI crab fleet to establish Co-ops, but we insist on being included in any such program. It is totally unworkable to have some rationalized fisheries and some not. We definitely do not want to be the last open access fishery.

The members of our group recognize that there will be problems and pitfalls in store for the industry if groundfish Coops or ITQs are implemented. Nevertheless, we see immediate rationalization of our fisheries as the only defense against losing our fisheries completely because of impending ESA sanctions.

Best regards,

Joe Childers for:	Tom Evich	<i>FV Karen Evich</i>
	John De Groen	<i>FV Primus</i>
	Charlie Parsons	<i>FV Nightwatch</i>
	Andy Blair	<i>FV Milky Way</i>
	Mike Alfieri	<i>FV Ocean Storm</i>
	Dave Morrill	<i>FV Exodus</i>
	Jack Berntsen	<i>FV Northern Dawn</i>
	Paul Holmberg	<i>FV Sea King</i>
	Joe Peratich	<i>FV Marauder</i>

**Cc: Sen. Ted Stevens
Sen. Frank Murkowski
Sen. Slade Gorton
Sen. Patty Murray
Sen. Olympia Snowe
Gov. Tony Knowles
Gov. Gary Locke**

Members of the council,

I am writing to you in regards to the IFQ program and the proposed changes some of the share holders are hoping you will consider. I'm sure this letter will ruffle the feathers of some of my friends who are sitting on the other side of the fence and want to be able to buy all they can, up to the cap. I don't want to see anyone stopped from improving their position, including myself, but not at the expense of someone else.

My understanding is that there is a push to alter the block system or do away with it all together. I think it's working just fine as it is. It's not perfect but then what is? The problem seems to be that some of the share holders are having a hard time getting all the shares they want to have. They want more consolidation. This is exactly what the people who were against the system said would happen. More and more shares being in fewer and fewer hands. There are D class vessel owner operators that have 100 , 150, 180000 lbs. now and other fisheries to compliment their halibut fishery. I would love to be able to "cap out " in the areas I fish but ifq's were never ment to be the end all to my financial worries as it allready has done for some of the A class share owners, but that's another matter.

When the program first started there was a problem with availability of shares in 4a and 3b for the D class vessel owners. I was one of the people that wrote letters and pushed for the buy down addition to the ifq program so as to make more shares available to more participants. This does exactly the opposite by allowing those of us with the finacial clout to by up more of the shares and taking the opportunity that we had, away from those who would like to buy in.

With the new surveys and the quotas being increased so much in the last few years it's hard to agree with closing the door on those out there that haven't been as fortunate. As it is there are still ways to have more shares on each boat if you want them. Taking share holders on board for a percentage is one way that serves two purposes. It allows you to have more pounds to catch on your boat and gets crew vested in the program. I thought that this was one of the arguments for the block plan to begin with??? There are also fishers out there that have shares and would rather not go through the hassel of rigging their boat for the fishery and would rather jump on somebody elses boat to catch their fish.

If the block proposal wasn't there, I wouldn't have ever been able to get into the fishery in any way that would be worth my investing or taking the risk. The block plan still leaves an entry level for people to try and play the game.

I agree it's not as convenient for us to have to count on or arrange for share holders to be on board but that wasn't the intent of this in the first place, convenience was not part of the program. I'm more afraid that if there is enough of this consolidation taking place there will be more reason for groups opposed to ifq's to try and derail or take away more from what we allready have. There is enough problems with the sport fish business trying to take away from share holders and investors as it is.

I would like to see the block proposal stay in place and allow that entry level to remain out there for the first timers. There's my 2 cents worth and I thank you for taking the time to read it and give it consideration.

Thanks for your time,
George R. Veneroso

Supplemental Memorandum

Gulf of Alaska Coastal Community Coalition

Community Ownership of IFQs

The Gulf of Alaska Coastal Communities Coalition has proposed a modification of the current IFQ program for halibut and sablefish that would amended regulations regarding eligible IFQ owners. The proposal seeks to have qualified Gulf of Alaska coastal communities identified as eligible transferees. This is a "buy in" proposal that would require open market purchase of IFQs by communities. The following problem statement and regulation alternatives are provided to assist Council and staff as they review our proposal. After considering the information provided below, we request that the Council send the proposal forward for staff review.

PROBLEM STATEMENT:

A detailed problem statement was submitted on March 20, 1998 to the National Academy of Science as they reviewed IFQ programs. The academy addressed several salient issues in its report entitled Sharing the Fish: Toward A National Policy on Individual Fishing Quotas, dated December 18, 1998. Community problems associated with the creation and implementation of the halibut and sablefish IFQ program generally fall into two categories: limitations on access and lack of economic benefit. Inequities in the issuance of quota shares, geography, traditional fishing patterns, economies of scale and individual economic decisions contributed to low and declining IFQ resource access by coastal communities. In addition, loss of jobs for hired skippers and crew, transport of IFQ fish to larger ports, reductions in gear and supply purchases and the subsequent loss of tax revenues have all reduced economic benefit to smaller communities. Currently, only a small portion of the IFQ quotas and economic benefits from halibut and sablefish IFQs flow to rural communities and the trend, in all of these communities, is negative.

ALTERNATIVES:

Modifying current IFQ regulations by identifying rural communities as eligible transferees necessitates the definition of a "qualifying community". Options include all coastal communities, Gulf of Alaska coastal communities or a subset of Gulf of Alaska communities. We suggest that a subset of Gulf of Alaska Communities be considered. Our initial thoughts would limit qualifying communities to smaller Gulf of Alaska communities physically located adjacent to salt water with no road access to the U.S. or Canadian highway systems.

Qualifying communities must have an ownership entity identified to purchase and hold the IFQs.. Newly established non-profit entities, such as a community fishermen's organization or a community development corporation should be considered. The analysis of an appropriate ownership entity should include discussion regarding whether or not the entity is inclusive of all residents in the community (without racial, gender or economic discrimination), whether the entity has an interest in or is associated with fisheries issues and whether or not board members are selected through a democratic process. Perhaps, a non-profit fisherman's association comprised of resident subsistence, commercial and recreational resource users is an appropriate choice for community IFQ purchase and retention.

Qualified individual IFQ holders are currently limited both in their ownership of IFQs and the amount they can fish on a single vessel. Community entities, entering into the IFQ market several years after the initial issuance of shares, will face significant economic obstacles in the acquisition of quota shares and will be limited to those shares that current IFQ holders are willing to sell. Nevertheless, over time, it is conceivable that communities could purchase a significant portion of the available quota share pool. Limits on individual community ownership should be explored. The size of communities, alternative fisheries, proximity to available resources and harvest ability should all be considered. We have initially suggested that each community be

Supplemental Memorandum
Community IFQs
Page 3

limited by the IFQ caps that currently apply to an individual IFQ holder — ie. 1% of 2C or .5% of the combined 2C, 3A, and 3B Quota Share Pool (QSPs) and 1.5% of all Area 4 QSPs for halibut and 1% of all QSPs for sablefish .

Additional limitations within the current IFQ program identify shares as blocked or unblocked within a vessel size or use class. Limiting communities with blocked/unblocked and vessel class restrictions would substantially restrict communities in addressing the issues identified in the problem statement. We suggest that communities be permitted to purchase any class of available shares whether blocked or unblocked. Once the IFQ shares are purchased and held by a qualifying community, they become “community IFQs” and can be used by the community without block or class identity.

Several options should be considered when a community entity sells shares, particularly if communities are exempt from current ownership and use restrictions.. Should the shares remain “community shares” and their sale limited to other communities? Should the shares revert to the limitations and identity they had at the time of purchase and thus the same type and class of shares would be sold? Then third, is there another approach that would provide the community ownership entity flexibility in its sale of shares?

Questions regarding the management of IFQs within a community are frequently discussed. The Council’s analysis should detail the merits of an open bid process to fish the shares, a right of first refusal for village residents wanting to fish shares and a right of refusal for rural residents outside the immediate ownership community. Our discussions favor a right of first refusal to residents of the ownership community and a right of refusal to residents of other “qualifying” Gulf of Alaska communities.

Another management issue is the amount of community owned IFQ’s that should be fished by any one individual. The possible range would run from unlimited individual participation to individuals limits of one or two blocks of shares. We recommend looking at a

middle-ground position. Individuals would not be restricted by blocks but rather they would be limited to an amount of pounds, inclusive of any pounds individually owned. A individual use cap in the range of 50,000 pounds to 75,000 pounds of community IFQs should be considered.

The relationship between the community ownership entity and the transferee is also of concern. Our requested changes in IFQ regulations would allow the community entity to be the registered owner of the IFQ shares. Annually, the community entity would notify NMFS of the assignment of its shares to specific individuals or a class of individuals and NMFS would transfer the specified pounds and issue a card to harvest. The transferee would be subject to current owner on board limitations. Income from the shares would be paid to the ownership entity.

Codes of conduct regarding the percentage range of ex-vessel value paid by the ownership entity to the transferee and crewmembers, as well as limits on administrative costs, need to be established. It may be difficult to specify actual percentages but the analysis should discuss general ranges for crew , vessel and skipper payments.

Additional decisions regarding qualifying criteria for the transfer of community IFQs and structure of community IFQ fisheries should be decided within each community.

Accountability for the use of the public's resource is also an issue. The Council's analysis should include options regarding annual reporting requirements for each community. Issues could include conformance with regulations regarding share use, non-discrimination within communities, progress toward resource based community jobs and evaluations of "administrative" costs. In other words, communities owning IFQs should be required to annually demonstrate how IFQs are benefitting their community.

In conclusion, one concern about the current IFQ program is limited access to halibut and sablefish resources by residents of rural communities in the Gulf of Alaska. Our proposal would solve this problem by qualifying non-profit entities from smaller rural communities to purchase and hold IFQ's. Community IFQs would be assigned to community residents on an annual basis and the fishing of these shares would provide jobs and revenue for the community.

Feb. NPFMC testimony; Joe Macinko

Under D-2 Staff tasking, note the three categories of priorities; Highest, Higher and High New.

My specific interest is contained under what the AP called "high priority NEW tasks", second recommendation, alternative 2: block program, option 2: unblock all quota shares greater than 20,000 lbs.

The use of the words "alternative and option" are misleading as the proposed solutions address separate problems, relieving gridlock for owner operators can't be solved through the adoption of a single "option".

The threshold between blocked and unblocked QS needs to be reset at a number of QS units similar to area 2C or 3A.

The threshold was originally set at the number of QS units that would make 20,000 lbs with the 1994 TAC. Because stock levels were mistakenly thought to be crashing in 3B or just not well known in 4A the 94 TAC's were set far below where they would have been had the stock assessments been more accurate. This resulted in a disproportionately high number of QS units needed to make unblocked quota and a disproportionately small number of unblocked share holders, five in 3BC class and just two in 4AC class. This is simply too small a pool to be viable to buy into.

It took over 253,000 units, an average catch of over 50,000lbs per qualifying year, to make a piece of unblocked quota in 3B, 135,600 units or a five year average of 27,120 lbs to make unblocked quota in 3A and 106,250 units or a five year average of 21,250 lbs to make unblocked in 2C. [approximate # of units]

Was there some reason to treat 3B differently and keep down the amount unblocked in the QS mix? Did anyone foresee 60,000 lb, soon to be 80-100,000 lb, blocks and the problems for fishermen trying to buy in, sell out or adjust the size of their quota? What purpose is served by having blocks too large to buy and sell for the majority of fishermen?

Selling a large block of QS in 3B or 4A and replacing it with a larger block is impossible. The size of the transactions are the obstacle. An incremental approach to purchasing QS would work better for owner operators.

The QS market has evolved to where unblocked QS is sold in 5-20,000 lb increments. Does this not serve the goals of letting fisherman size their holdings to both their boats and their finances better than our current situation.

Those who fish in the western areas see the halibut fishery slipping away from owner/operators for a number of overlapping reasons. Resetting the threshold would slow this trend. Please send out the AP recommendations for analysis when staff time permits.

SECOND TOPIC; TASKING

How many of the items under the "HIGHEST PRIORITY" heading are the result of lawsuits or Congressional mandates?

What will staff tasking look like next meeting? Who will go to Congress and pole vault to the top of the list; the GOA coastal communities coalition, Gulf co-ops or crab co-ops?

Will these return from Congress as neat, tidy, well considered actions or short term quick fixes with the Council left to clean up all the fallout that could have been avoided.

Wouldn't comprehensive rationalization result in less work and better solutions?

Are we like the subjects in the "prisoner's dilemma" game, continually defecting and ending up worse for it. See the following for an explanation of the prisoner's dilemma and substitute "fisherman" for "economist".

HOW DO YOU MEAN, "FAIR"?
THE ECONOMIST, May 29, 1993, p71.

Economists are not merely dismal, it appears, but selfish and unco-operative, as well. SOMEBODY, presumably Groucho Marx, once offered the following advice: "The secret of success is honesty and fair dealing. If you can fake those, you've got it made."

If you aren't smiling, you may be cut out for economics. Students of the subject are trained to regard self-interest as the force that decides economic choices. It is easy to imagine cases where cheating is advantageous. The economist's view is: others will see that the logic of the situation calls for cheating, so you had better cheat, too. This idea pervades the literature. But here's a disturbing thing: it may be having some effect. Nothing personal, but economists are an unpleasant lot.

The evidence is in a new paper by a team of one economist and two psychologists from Cornell University*. It reviews several behavioural studies. In one, first-year graduate students were asked to take part in an experiment. They were given some money, and told to divide it into two accounts, one "private", one "public". Money in the private account was given to the student at the end of the experiment. Money in the public account was pooled, multiplied by a factor of more than one (the exact figure varied), and then divided equally among all the students.

For society as a whole, as it were, the best thing is for the students to put all their money into the public account. That creates the biggest pie, which is then shared equally. But for each individual student, the best thing is to put everything into the private account. That way, you get back all your own stake, plus a full share of the pool provided by the suckers. The study found that economics students contributed, on average, 20% of their stakes to the public account. Students of other subjects contributed 50%. The researchers then asked the students to explain their actions: had they worried about whether their decision had been fair? Nearly all the non-economists said yes, they had worried. The response of the economists was different.

More than one-third of the economists either refused to answer the question regarding what is fair, or gave very complex, uncodable responses. It seems that the meaning of "fairness" in this context was somewhat alien for this group. Those who did respond were much more likely to say that little or no contribution was fair.

Another study involved a game played by an "allocator" and a "receiver". The allocator was given \$10 and asked to divide the cash between himself and the "receiver". The receiver could either accept the division (in which case, both parties kept the sums proposed by the allocator) or refuse it (in which case, both got nothing).

Fairness calls for an equal split. But what does self-interest tell the allocator to do? Only a non-economist could ask. The answer is: keep \$9.99, and give the receiver one cent. The receiver will not refuse because one cent is better than nothing (and self-interest does not understand spite). Note also that the game was played just once for each pair, so there was no reason for the receiver to refuse in the hope of prompting a better offer next time. As before, the study found that economics students "performed significantly more in accord with the self-interest model" than non-economists.

Other studies have found the same. A survey asked 1,245 randomly selected college professors how much they gave to charity each year. About 9% of the economics professors gave nothing; the proportion of

professors in other disciplines giving nothing ranged between 1.1% and 4.2% (despite generally lower incomes than the economists). The median gift of economists to big charities such as the United Way and viewer-supported public television was substantially smaller than the median gift of non-economists.

The prisoner's dilemma -- a game where two players have to decide whether to co-operate with each other or cheat -- has long been of great interest to economists. The key feature is that for each player, "defecting" secures the best outcome regardless of what the other does. But if both players accept this logic and defect, they end up worse off than if they had co-operated. The Cornell team conducted an experiment involving 267 prisoner's dilemma games. Economics students defected 60% of the time; non-economists defected 39% of the time.

Does training in economics make you mean -- or is it just that mean people are somehow attracted to economics? To find out, the Cornell team did a further experiment, to see whether students became more or less "honest" in a hypothetical situation, after doing some economics. They compared three sets of students: the first took a course in mainstream microeconomics, taught by an instructor with an interest in industrial organisation and game theory; the second took a similar course, but taught by a specialist on development in Maoist China; the third took a placebo (astronomy).

Across a range of questions, the pattern was consistent: the first set contained the largest proportion of students who became less honest; next came the second set; honourably in the rear were the astronomers, with the smallest proportion of students who became less honest.

Perhaps, then, there is a public interest in curbing the study of economics. Or alternatively -- a conclusion that this column would prefer to endorse -- economics needs to take psychology more seriously. The fact is that people do co-operate more than the self-interest model (useful though it is) seems to predict. As the Cornell team points out, recent research sheds light on one reason for this

Imagine a world in which people move from one prisoner's dilemma to the next (ie, the real world). If people can choose their "partners" freely, and if honest types can spot each other in advance, co-operators will be able to interact selectively with each other -- and will therefore do better than cheats. Experiments have shown that people are surprisingly good at telling co-operators and cheats apart, even on the basis of what seems to be limited information.

So there you have it: narrowly self-interested behaviour is ultimately self-defeating. Economics practised with that in mind could become the uplifting science. If economists can only incorporate a bit of psychology, they've got it made.

* "Does Studying Economics Inhibit Co-operation?" By Robert Frank, Thomas Gilovich and Dennis Regan. *Journal of Economics Perspectives*, Spring 1993.