


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director 

DATE: December 3, 1993

SUBJECT: Comprehensive Rationalization Plan

ESTIMATED TIME 8 HOURS

ACTION REQUIRED

- (a) Review actions from last meeting.
- (b) Receive progress report.
- (c) Review informational requests from last meeting.
- (d) Review elements and options.

BACKGROUND

- (a) Actions from last meeting

In September staff provided the Council with discussion papers to help provide clarification on certain issues. The first dealt with consideration of skipper and crew members in an IFQ or License program. The Council elected to include an option for setting aside a specific percentage of IFQs for allocation to 'bona fide' skippers, with the request that the representatives of this group come back to the Council with suggestions for specific allocations within that group. A letter from Skippers for Equitable Access (S.E.A.) is contained in your notebook, along with other comments, under Item C-5(a)(1). This letter outlines their proposed alternatives for making such allocations, along with their suggestions for how a skipper licensing program should work, in the absence of IFQs.

Another discussion paper from September addressed the issue of data availability in the absence of official agency records on landings histories. Pre-1984 JV catch histories were a specific concern of industry and the Council. Lacking individual catch history information for these years, we outlined some possible alternatives for assigning catch histories. The Council decided to divide each year's catch history (by species) among the vessels participating in those fisheries in each year (prior to 1984). This will be used as a proxy for the catch history for each eligible QS recipient for those years.

A paper on processor considerations was also reviewed, which offered some options for including processors in the IFQ program. The Council elected to include consideration of the 'two-pie' system whereby matching processor shares would be developed and allocated in conjunction with the harvesting QS. The same sub-alternatives (for eligibility, allocation criteria, ownership, etc.) will be used as are laid out for the harvest QS system.

Finally, the Council reviewed a discussion paper dealing with the question of QS allocation to either (1) vessel owners at time of landings, or, (2) current vessel owners. The Council decided to consider only allocations to current vessel owners, with two options for defining current ownership. Option A would be vessel owner as of June 24, 1992 while Option B is vessel owner at date of final Council action. A letter, under Item C-5(a)(1), is addressed to the Council concerning the options for defining current ownership. This letter, from the Coalition for Stability in Marine Financing, expresses concern over Option A, and suggests that this Option will cause uncertainty and disruption in the marine finance community. They suggest elimination of Option A.

The Council took public testimony, including specific proposals from a trawl group coalition and a fixed gear coalition, and then addressed the specific elements and options for the overall IFQ alternative. The Council also went through a similar exercise for the proposed crab License Limitation program, fashioning options for each of the major provisions of the program. The Council also voted to reinstate License Limitation as a major alternative for the groundfish fisheries, with options for licenses for certain species within the IFQ alternative. These alternative programs are summarized under Item C-5(a)(2) in your notebook and were distributed in October in a special Council newsletter to the industry.

(b) Progress report

Overview of Data Base Development

Development of the analysis database (ADB) is continuing, albeit slowly. Overall, this is proving to be a more formidable task than we originally thought. Darrell Brannan has completed the basic programming needed to put the datasets together. However, three major problems are apparent and are described below. These problems notwithstanding, we anticipate completion of the ADB by February 1, 1994.

1) Inconsistencies in the ADFG Crab data have not yet been resolved: Western Region Shellfish reports and ADFG fish-tickets differ by nearly 30 million pounds over all years for all species. It appears we will be forced to use existing data sets rather than wait longer for any possible corrections. This may result in some misleading findings but it is assumed that the data problems could be resolved before actual allocations would occur.

2) As expected, we are encountering difficulties linking the sets of information from different sources. Vessel and processor identifiers used by one agency are not the same as those used by others. Species codes and area codes are also different from each agencies. Without a consistent set of identifiers linking data from different agencies, the potential for double counting and misleading information is increased. LGL-Alaska, a private consulting firm, was recently awarded an S-K grant to develop a prototype Comprehensive Data Base in which many of these problems could be worked out. LGL's contract is with NMFS however and the Council has little control over the projects timing or it's outputs.

3) Fish-ticket data for groundfish and halibut data for 1992 are not up to CFEC standards. These data will likely not be available until after the January Council meeting. Halibut data are an important factor in constructing the vessel and processor profiles because they allow us to track all revenues and costs of participants. Without the 1992 data we would assume 1992 halibut landings by participants in the groundfish and crab fisheries were the same as their 1991 halibut landings. The groundfish data problems appear mainly in the at-sea sector. For at-sea landings we intend to use other sources of data, specifically weekly processor reports and domestic observer reports.

QSAM

A correction notice was sent to all QSAM recipients last month which identified a couple of errors and quirks in the program. We are contemplating the idea of compiling and distributing an updated version, which might also include a database aggregated for an exclusive allocation scenario identified by the Council in September (must have fished in one of last three years); however, we are going to hold off doing that until after the December meeting, or possibly until after the January 1994 meeting, so that we have the final list of alternatives to be considered.

Confidentiality Concerns

These concerns fall generally into two categories: (1) those which may affect the allocation of QS, and (2) those which have to do with the various data bases held by different agencies which we or other users need for analyses of CRP and other projects.

Regarding the first category, we have explained to the Council the confidentiality problems associated with releasing catch information (i.e., QS amounts) to vessel owners who are not the permit holders. This promises to be even more of a problem if allocating QS only to current vessel owners, who may not even have owned the vessels, much less held the permit, at the time of landings. Nevertheless, the Council has chosen to do just that in the Comprehensive groundfish/crab program. The problem could arise in the allocation of sablefish/halibut QS in the immediate future and will likely arise later in the CRP program. This will not inhibit our analyses of CRP, however any impacts predicted by the analysis may be misleading if NMFS is unable to implement the program as analyzed. The problem could be alleviated if the State's and NOAA's confidentiality requirements were altered, and the State of Alaska Attorney General's interpretation of the confidentiality regulations changed.

The second area of concern may affect our ability to complete the SIA in a timely and satisfactory manner. It appears that secondary data sources listed in our SIA solicitation may not be made available to the contractor after all. A new law recently passed by the State of Alaska Legislature, appears to prohibit the release by the State to Federal agencies (including the Council) information such as telephone numbers of permit holders, processors, and vessel owners. If the SIA contractor needs to contact these individuals they will have to search for phone numbers, greatly increasing the time involved in their surveys.

Representative Vessel and Processor Profiles

Development of vessel and processor profiles are behind schedule. Interagency data inconsistencies, mentioned above, have made it very difficult to develop a concise placement of the vessels and processors into appropriate categories. A first cut at this process has been completed for 1992 and work is continuing on earlier years. This component of the analysis represents one of our greatest areas of concern currently. This information is fundamental to our economic analyses and must be completed by the end of January if we are to have a chance of completing the package on schedule.

LP model development

Development of the prototype and expanded version of the LP model is ongoing. Dr. Matt Berman is working closely with the Council staff to document the model to meet the SSC's requirements. A fully documented working version of the prototype model is expected by the December Council

meeting. Expansion of the prototype is progressing on several fronts. The following tasks have been identified:

- Task 1: Finalize harvester/processor categories, and questions/problems to be addressed.
- Task 2: Finalize vessel and processor profiles.
- Task 3: Write documentation describing expanded programming for peer (and SSC) review.
- Task 4: Describe entry-exit methodology based on short-run profits and capital costs.
- Task 5: Implement expanded version using **What's Best!**.
- Task 6: Formulate specific linear programs/simulation to run.
- Task 7: Simulate alternative using the model.
- Task 8: Prepare and deliver analysis of results.

Dr. Berman, Dave Colpo (NMFS/AFSC), and Marcus Hartley will be working jointly on this project. Task 1 has been completed. Task 2 is being developed by Dave Colpo. This task as mentioned earlier is behind schedule. Tasks 3-6 will be done primarily by Dr. Berman, with assistance from Marcus Hartley. Tasks 3 & 4 have been completed in the form of a draft paper for SSC review. This paper will constitute the documentation of the LP model. Marcus Hartley will have primary responsibility for Tasks 7 and 8, with Dr. Berman available for assistance. It should be noted that work on Task 7 is dependent upon completion of Task 2.

Fishery Economic Assessment Models (FEAM)

A contract was signed by PSMFC and Dr. William Jensen for development of the FEAM models on October 29, 1993. Since that time Dr. Jensen has completed the first phase of model development. At this time Dr. Jensen expects the work on the FEAM to be completed by January 1, 1994. Dr. Jensen has already submitted to the Council staff some preliminary documentation of the FEAM model, IMPLAN, and input-output models in general. This will be distributed to the SSC prior to the December meeting. An IMPLAN seminar has been scheduled for January 17-18, 1994, the Monday and Tuesday following the Council meeting. IMPLAN is the basis for the FEAM model being developed by Dr. Jensen. The seminar should provide participants with a more thorough understanding of the IMPLAN system and Input/Output models in general. Agency economists Darrell Brannan, Marcus Hartley, Steve Freese, Seth Macinko and Jeff Hartman have committed to attend. Sally Bibb, Kurt Schelle, and Ben Muse have also shown interest, and are seeking approval to attend.

Economic Base Models (EBMs)

Dr. Lee Huskey has finished his model runs and delivered a summary of his work. Dr. Huskey indicates that although the results were not as robust as he had hoped, they do provide some insight as well as some measure of the impacts on the support sector resulting from changes in production levels in the basic sector. Dr. Huskey's paper will be available to the SSC for the December meeting. His final report will be submitted before Christmas.

Administration and Enforcement 'Analysis'

Last July an initial meeting was held to discuss 'implementation' issues surrounding the CRP program envisioned by the Council. The purpose was to get a head start on these issues and possibly report information to the Council which might help structure a preferred program. Representatives from the Council, NMFS Region, NMFS Center, NMFS Enforcement, NOAA GC, ADFG, and CFEC

were on hand and the meeting was chaired by Jay Ginter. A follow up meeting was contemplated for December, but has been postponed until sometime after the new year, possibly in conjunction with the January 1994 Council meeting.

One specific product from this group which will be needed soon is an estimation of the costs of implementing, monitoring, and enforcing the CRP. The catch, of course, is that we don't yet know exactly what the CRP is going to look like. By January we should at least have a final list of possibilities as to what the program might look like; at that time we will have to take our best shot at providing these estimates. These are required not just as informational items, but as part of the formal cost/benefit analysis being conducted by Council staff.

Community Profiles

The Community Profiles contracted to Winterholm Press have basically been completed, though we are still holding them in draft form to be released to the public with the rest of the analytical package next spring. They will be made available to the contractor of our SIA work (see below) as secondary source materials. The fisheries specific information is based on fish ticket records, which brings up a problem with the data for the years 1990 and beyond: that is, this data will not contain weekly processor reports and will therefore underestimate the total fisheries activities for some of the communities, particularly those in the Pacific Northwest. That data will be compiled as part of our Analytical Data Base (ADB) for the CRP, so it is possible that it could be included in the Profiles sometime next spring for completeness. In the meantime, we may want to distribute the draft Profiles to selected individuals or organizations for 'ground-truthing' prior to finalizing them. If this is desirable, we would need to initiate that review fairly soon, by the end of this year.

Social Impact Analysis

We developed a Request for Proposals (RFP) with the help of an invited group of experts in the field of social/anthropological sciences in September, released that RFP in October, and have received three (3) proposals. These proposals will be reviewed by Council staff, our Social Science Steering Group, and the SSC and Council prior to awarding the contract at the December meeting. The RFP calls for the compilation of baseline participation profiles by industry sector and a limited social impact assessment, due by April 1, 1994. This package will complement the existing in-house analyses as part of the overall CRP analytical package.

As noted above, we have some concerns about the confidentiality issues surrounding the release of some of the secondary data sources listed in the RFP. We are still pursuing those concerns.

Environmental Assessment

We have not yet drafted any definitive outline for the EA. As noted previously, we expect it to concentrate on identifiable changes in the alternatives from the current fisheries. As such, it seems prudent to wait until the Council has finalized its list of alternatives before going very far with the EA development. We will work in coordination with the AFSC to develop the EA for this package, beginning after the December meeting.

(c) Information requests from September

1. Data Availability for Processor Allocations

Data reporting deliveries to processors is available only back through 1984. Although ADFG fish-tickets are available prior to 1984, they do not contain usable references to processors. After 1984, fish-tickets, catcher-processor reports, and weekly processor reports contain identifiers which link to catch and deliveries to processors. There are however problems with the link itself, which in the case of shore-based processors and some floating processors is the Alaska Fishery Business License. (Processing vessels are identified using Federal Permit number or ADFG numbers in addition to the Fishery Business License.) All processors operating within State waters or on-shore are required to acquire fishery business licenses through the Alaska Department of Revenue. Unfortunately, any changes in the business license results in the issuance of a new license number. Therefore the processor identifier for a given facility may not be consistent through time. This problem will make it difficult to assign credit for deliveries of fish to current owners of shore-based processing facilities. It should be noted that this problem may be non-existent for processing vessels.

2. Analysis of Using Retained vs Reported (total) Catch

This issue arose at the September meeting where the Council requested additional information regarding the availability of data on retained catch and on the possible implications of crediting only retained, as opposed to total, catch. Item C-5(c)(1) is a discussion paper from staff which attempts to shed some light on these issues.

3. Assessment of Analytical Requirements for Each Alternative

Some discussion was begun in September regarding the range of alternatives the Council wished to have analyzed and the ability of staff to complete the analyses on the current CRP schedule (analysis in April for a June decision). The original target date for an April analysis was based in large part on back-tracking from a desired implementation date of 1996 for the CRP program. Based on decisions from the January 1993 and April 1993 meetings we felt that this was an ambitious, yet achievable, goal. At that time the major alternatives to the status quo identified by the Council for formal analyses were: (1) IFQ program for all groundfish and crab species, including PSCs, and (2) IFQs for all groundfish and a License Limitation Program for crab.

Based on Council action in September, the list of major alternatives has expanded considerably, each with its own myriad of suboptions. The list of major alternatives, in addition to the Status Quo, now includes:

- (1) IFQ program for all groundfish and crab, including PSCs
- (2) IFQs for all groundfish and a License Limitation program for crab,
- (3) IFQs for all groundfish except BSAI Pacific cod, with a License Program for Pacific cod and crab,
- (4) IFQs for pollock and Pacific cod with License Limitation for everything else, and
- (5) License Limitation for all groundfish and crab.

Additionally, we are incorporating the 'two-pie' processor share alternative into each major IFQ alternative, although complete assessments of both (with allocations to processors and without) for all alternatives will require additional time. These five alternatives are not merely subsets of one another, but are each very different management systems requiring independent analyses. It should be noted that we have not included in this list other possible configurations, such as IFQs for crab

fisheries and License Limitation for all groundfish. These types of combinations would further expand the list. We are providing to the Council at this time an honest appraisal of the time necessary to complete the analyses for these alternatives.

Item C-5(c)(2) is a detailed breakdown of the tasks and subtasks necessary for the analyses. This breakdown includes a description of qualitative v. quantitative assessments. It also shows what will be included in formal 'cost-benefit assessments' or which will be included in 'distributional assessments'. Based on these estimates, which are on the ambitious side of what we can accomplish, we could likely complete analyses of any three of the major alternatives listed above in time for review by the April 1994 Council meeting. Delaying the analytical package until June would allow us to incorporate any one additional alternative. The Council will have to weigh the breadth of alternatives they wish to have analyzed against their deadline for a decision on CRP. If all of the alternatives, or additional alternatives, are deemed necessary, much of the analyses will have to rely on qualitative, comparative type of assessments.

(d) Review Elements and Options

As mentioned, a list of the current alternatives with their attendant elements and options is included under Item C-5(b)(2). This list is structured in such a way as to differentiate between 'mutually exclusive' options, and those which are suboptions. We hope that this structure will provide for a more thorough understanding of the elements and options and reduce any confusion over these elements and options. One letter received by the Council since September (in your notebooks under C-5(a)(1)) suggests an additional alternative for consideration by the Council. The Alaska Marine Conservation Council is recommending a "Harvest Priority Solution" as an alternative to IFQs which would reward fishing priority to those fishermen who minimize bycatch. The details are contained in their proposal.

**A Discussion of 1992 Weekly Processor Report Data
in Terms of Retained Catch, Total Reported Catch, and Estimated Total Catch.**

INTRODUCTION

During the September Council meeting a request was made of staff to outline the reporting of discards in State and Federal fishery data through time. Data is available from the Alaska Department of Fish and Game (ADFG) fish-tickets, weekly processor reports, and the observer program. An overview of each of these data sources and their historical and present bycatch reporting requirements will be discussed (Table 1). In addition, information on the amount of bycatch needed to harvest the target fisheries for 1992-93 was also requested. Data for 1993 are not available at this time, so only information for 1992 will be presented.

Allocation of quota shares based solely on reported catch would be the amount of retained catch or total reported catch (retained and discarded) for which acceptable documentation is available. Calculations of the estimated total catch, in the following tables, may provide a better estimate of the "bundles" of bycatch species needed for fishers to prosecute their target fishery. The bundling concept should more closely resemble the allocation mix fishers will need to prosecute their fisheries without needing to buy, sell, or trade quota before they can fish.

The bundling concept was discussed in detail and selected as an alternative for analysis at the June Council meeting. It is important to note that the tables in this paper do not incorporate the actual "bundling algorithm" which would be applied to allocation scenarios.

REPORTING OF BYCATCH

Weekly Processor Reports

Weekly processor reports are collected by the National Marine Fisheries Service (NMFS) and are comprised of the Catcher/Processor data sets (1984-89) and the Weekly Processor Reports (1990-present). Reporting discards has always been required. However, the collection of discard data was never enforced before 1988 nor was the data used. In 1988 the reporting form was changed to enable discards to be included in the reports to NMFS. By mid-year 1989 the quality of the discard data had improved but still was not considered very precise. Discards in this form continued to be reported through 1992. Beginning in 1993 a new method is being used to determine discards. This method incorporates blend data and observer reports from shore-side delivery vessels. Shore-side delivery vessels are defined in this paper as catcher vessels delivering to shore-side plants or motherships operating within State waters. Observed shore-side delivery vessel discards by gear type, area, and target fishery will be applied to non-observed shore-side delivery vessels to better estimate the at-sea discards. At-sea delivery vessels are not covered under this program because they are delivering unsorted cod ends to motherships. Observers on board the motherships are able to determine the bycatch levels of the whole haul once it is delivered. Whole hauls discarded at-sea would not be accounted for under this system.

Table 1. Reporting of groundfish discards by State and Federal data sources.

Year	Fish-tickets		Weekly Processor		Observer Program		Notes ^b
	Reported ^a	Quality	Reported	Quality	Reported	Quality	
1978	No	N/A ^c	N/A	N/A	N/A	N/A	
1979	No	N/A	N/A	N/A	N/A	N/A	
1980	No	N/A	N/A	N/A	N/A	N/A	
1981	No	N/A	N/A	N/A	N/A	N/A	
1982	No	N/A	N/A	N/A	N/A	N/A	
1983	No	N/A	N/A	N/A	N/A	N/A	
1984	No	N/A	N/A	N/A	No	N/A	
1985	Yes	Poor	N/A	N/A	No	N/A	FT: Delivery codes used to track discards (1985-93)
1986	Yes	Poor	Yes	Poor	No	N/A	WPR: Only at-sea processors, data was not used (86-88)
1987	Yes	Poor	Yes	Poor	No	N/A	
1988	Yes	Poor	Yes	Poor	No	N/A	WPR: Shore plants added mid-year, data wasn't used
1989	Yes	Poor	Yes	Poor	No	N/A	WPR: Enforced and used mid-year (89-92)
1990	Yes	Poor	Yes	Good	Yes	Good	OBS: Weekly in-season reports (90-93)
1991	Yes	Poor	Yes	Good	Yes	Good	
1992	Yes	Poor	Yes	Good	Yes	Good	
1993	Yes	Poor	Yes	Good	Yes	Good	WKP: Changed est. method for catcher vessel discards at-sea.

^a "No" indicates the data were not reported; "yes" indicates there were discards reported but is not intended to verify accuracy of the data.

^b Notes are relevant through time until new information is provided in the notes column.

^c Not applicable or not available

Note: Jerry Berger from the Observer Program has written a paper on the reported and observed catch of retained and discarded groundfish (Berger, 1993). The paper shows the differences between reported and observed for 1990-91.

ADFG Fish-tickets

Fish-tickets have been collected since 1976, and discard information was first listed on the fish-tickets in 1985. Groundfish discards are identified on the 1985 and later fish-tickets by delivery codes and, in the case of crab, by dead-loss codes. The quality of the discard data reported from 1985 to the present is unknown, but because fish-tickets are used as landings documents it is suspected that discards were not usually reported.

Observer data

The Observer program has JV data from 1984-90 and data on deliveries from catcher vessels to domestic at-sea processors from 1990-present. Discard data are only available from 1990 forward. For the period of time discard data are available, there is no easily accessible information on a haul-by-haul basis at the delivery vessel level. This is because fish off-loaded to motherships is mixed with the harvest of other catcher vessels and discarded fish cannot be traced back to the harvest vessel. Weekly in-season reports provide information on estimated discards by motherships for species groups and serves as a rough indicator of the amount of discards. Because the collection of discard data is one of many jobs that must be performed by observers, in a restricted time period, Observer Program officials felt that errors in the 20% range would not be considered uncommon.

REPORTED CATCH VS ESTIMATED TOTAL CATCH

This section will attempt to show the difference between the catch reported on 1992 weekly processor reports and the estimated catch composition using bycatch information provided by the Observer program. Weekly processor reports will be summed to calculate the tons of each target species along with it's attendant bycatch reported in terms of retained and discarded catch. Summing the retained and discarded catch rows yields the total catch reported in the weekly processor reports for that target. The rows are not totalled in the tables provided later in this paper due to space restrictions.

Retained catch will be calculated using weekly processor report data. This reported catch will be summed by target species, gear type, area fished, and processor type. Target species will be determined based on the total retained harvest for that week and will be assigned based on current NMFS PSC accounting definitions. Specifically these target fishery assignments were made as follows:

- I. Midwater pollock fishery. A trawl gear haul that results in a catch of pollock that is 95 percent or more of the total amount of groundfish.
- II. BSAI Yellowfin sole, Rock sole or "other flatfish" fisheries. A trawl gear haul that results in a catch of rock sole, "other flatfish," and yellowfin sole combined that is greater than the amount of any other fishery category defined below. Within this grouping categories targets are determined as follows:
 - A. Yellowfin sole fishery. The catch of yellowfin sole is 70 percent or more of the catch in aggregate of rock sole, "other flatfish," and yellowfin sole.
 - B. Rock sole fishery. The fishery is not a yellowfin sole fishery and the catch of rock sole exceeds the catch of "other flatfish."

- C. "Other flatfish" fishery. The fishery is not a yellowfin sole fishery and the catch of "other flatfish" exceeds the catch of rock sole.
- III. All other fisheries. Aggregate species into groups as defined below. The group with the maximum catch is defined as the target.
- A. Bottom pollock
 - B. Pacific cod
 - C. Arrowtooth flounder
 - D. Pacific ocean perch
 - E. GOA Thomyheads
 - F. GOA Flathead sole
 - G. BSAI Sablefish
 - H. BSAI Atka Mackerel
 - I. BSAI Greenland Turbot
 - J. BSAI Squid
 - K. BSAI Northern & Sharpchin Rockfish, where managed separately
 - L. BSAI Shortraker & Rougheye Rockfish, where managed separately
 - M. GOA Shortraker & Rougheye Rockfish, where managed separately.
 - N. BSAI Other Rockfish. Includes Sebastes and Sebastolobus except POP and "other red rockfish" in K) and L)
 - O. GOA Pelagic Shelf Rockfish, where managed separately.
 - P. GOA Demersal Shelf Rockfish, where managed separately.
 - Q. GOA Other Rockfish, defined by management area.
 - R. GOA Deep water flatfish. Includes rex sole, Dover sole, Greenland turbot.
 - S. GOA Shallow water flatfish. Includes all GOA flatfish not already specified.
 - T. BSAI Other Groundfish. Includes all sculpins, sharks, skates, eulachons, smelts, capelin, and octopus.
 - U. GOA Other Groundfish. Includes Atka mackerel, squid, sculpins, sharks, skates, smelts, eulachons, capelin and octopus.

Gear types included in this report are pelagic trawl, non-pelagic trawl, longline, and pots. Bycatch was calculated for each NMFS three digit management area listed in the 1992 data sets. Calculations based on NMFS management areas should allow for a more accurate representation of the fishery assuming bycatch rates differ in different areas. The calculation of bycatch totals for each area was accomplished by calculating the total amount of each target species reported in the weekly processor reports and multiplying them by the observed bycatch rates. This information was then aggregated to the larger GOA and BSAI areas.

Reported Catch

Catch reported in weekly processor reports contains a field defining the product which was produced by the processing industry. Product codes 99 (dockside discards), 98 (at-sea discards), and 96 (previously discarded, decomposed) indicate that the fish were discarded. These three fields will be used to separate catch that was retained from catch that was discarded.

The following text describes the data in Table 2 through Table 24. Each Table reports the catch composition for a specific target fishery defined by target species, gear, and FMP area. Each table is divided into two halves. The left half describes catch information from the 1992 Weekly Processor

Reports. The reported catch data is broken out by mothership deliveries, catcher/processor, and shore-based deliveries. The processing mode categories are then further sub-divided by retained and discarded catch. To the right of the dividing line on the tables is the estimated catch using observer bycatch rates. Estimated catch is also broken out by processing mode. Because the observer data did not specify if the catcher vessels were making deliveries at-sea or shore-side those categories were combined into a single catcher vessel category.

The remainder of this section will look at Table 11 in depth. Table 11 describes the catch composition when pollock is targeted in the Bering Sea/Aleutian Islands using pelagic trawl gear.

Retained catch Catch reported in the "retained" catch columns of the table indicate the tons of species that were retained when targeting pollock in the Bering Sea/Aleutian Islands using pelagic trawl gear. Line two of the retained catch columns, for example, reflect in arrowtooth flounder that was retained in this pollock fishery. The first column shows that no arrowtooth flounder was retained when delivered to motherships as midwater pollock bycatch, catcher/processers retained 103.93 tons, and shoreside plants retained 58.68 tons. Pollock is listed as the tenth species in the list. Because pollock is the target in this table, this line indicates the amount of the targeted pollock that was retained. The pollock retained, as a target, by motherships, catcher/processers, and shoreside plants was 204,330.89, 600,572.19, and 345,288.34 tons respectively.

Total catch Reported catch that was retained or discarded is listed in the "total" columns. Once again looking at the arrowtooth flounder row, we can see that deliveries to motherships totaled 280.26 tons. Because no arrowtooth was retained all 280.26 tons were discarded. Catcher/processers reported a total of 3,004.13 tons of arrowtooth when targeting pollock using pelagic trawl gear, of which 2,900.20 were discarded. Shoreside plants reported a total of 252.89 tons arrowtooth. The total reported catch of pollock in this pollock fishery by motherships was 207,010.84. Of that total 679.95 tons were discarded. Dividing the reported pollock catch by the reported catch of arrowtooth shows that the reported bycatch of arrowtooth in the midwater pollock fishery was 0.14%.

Estimated Catch Based on Observed Bycatch Rates

Estimated catch is calculated based on bycatch information provided by the Observer program and retained and discard catch of target species from the Weekly Processor Report data. Bycatch rates were estimated by summing the total catch of a target species in each NMFS three digit management area by harvest vessel type and gear. Based on the observer information it could not be determined if a catcher vessel was delivering shoreside or at-sea. Therefore, there is catcher vessel and a catcher/processor category in the estimated total catch portion of the tables. The catcher vessel category being an aggregate of the shoreside and at-sea catcher vessels.

Bycatch needed based on Retained Catch Now working from the right hand side of Table 11, we see that the pollock row in the retained column of the catcher vessel category has 549,619.23 tons. This is the sum of the retained catch columns for shoreside and mothership deliveries in the retained catch section of the left side of the table. Catcher/processor totals for pollock are the same in both sides of the table. Using the amount of pollock retained in the "reported catch" section and observer bycatch information, the bycatch needed to harvest the retained pollock was estimated. The results on the right hand side of Table 11 indicate that catcher vessels and catcher processors would need 241.45 and 376.91 tons of arrowtooth, respectively to harvest the pollock they retained.

Bycatch needed based on total Catch Estimating the bycatch needed to harvest the total reported catch of pollock employs the same method as described for retained catch. The bycatch rates are the same in

both instances only the denominator in the calculation changes. The denominator now is the total amount of pollock that was reported in the left hand side of the table. In other words, the bycatch rate of arrowtooth is 0.04% in both the estimated retained and total catch columns of the catcher vessel columns.

Conclusions

The data available through time are not good for discards. Improvements have been made in terms of the quality of discard data in the 1990's, and improvements continue to be made. However, it is clear that no data source contains all the discards that take place in a year.

ALLOCATION OF QUOTA SHARES

The concepts of allocating quota shares based solely on reported, or solely on retained catch, are inconsistent with the "bundling" concept. But, bundles can be done in conjunction with either method. Allocation of quota shares based on reported catch would credit fishers with catch reported to NMFS and the State. Bundles would grant fishers bycatch amounts that are needed to fish, i.e. at least a portion of their discards. The greater the ratio of bycatch species to target species in the "bundles" the more "discards" the fisher would be credited with. This assumes that if a fisher needs a given level of bycatch to operate under an IFQ system, and he has not reported it as catch in the past, it must have been discarded at some point.

Allocations based on retained catch only would allocate even less bycatch to fishers than an allocation based on total reported catch. The reduction in bycatch in this case is due to fishers not receiving credit for their reported discards.

Weekly processor reports are filled out by the processor and they determine what is reported. Catcher processors would both harvest and report their catch. Catcher vessels harvest the fish but the processors report what the catchers harvested. Under this reporting system the catcher processors would have greater control over the catch reported to NMFS because of their vertically integrated structure. Shore-side and at-sea catcher vessels would have less control over the species and amounts reported to NMFS.

Reported Catch To simplify the discussion I will assume that there is only one catcher vessel and it delivers all the targeted midwater pollock to shore-side plants and motherships. This catcher vessel also only fishes pelagic trawl gear for pollock in the Bering Sea/Aleutian Islands. If an allocation of quota shares was made to this catcher vessel based solely on the reported catch that he retained he would receive only 2.00 tons of other flatfish and 313.57 tons of Pacific cod as bycatch to harvest 204,330.89 tons of pollock delivered to motherships. It is unlikely this would cover his mothership delivery bycatch needs. When delivering shore-side he would receive the retained bycatch which was reported for those deliveries. In this case he would receive bycatch in the amounts listed in the fifth column (for example, 2130.50 tons of Pacific Cod). This catcher vessel would receive more bycatch for his shore-side deliveries than for his at-sea deliveries.

Crediting our fictional catcher vessel with his reported discards in addition to his retained catch would provide additional bycatch for his fishing operation. For example, he would then receive 630.63 tons of Pacific Cod, which reflects his total reported catch for mothership deliveries. Therefore, whether allocations are based on total, or only retained, catch the quota share bundle would be adjusted based on observed bycatch rates. When his allocation was based only on his retained catch the fisher received only other flatfish and Pacific cod as bycatch. Adding his discards (i.e., basing the allocation on total catch) to the allocation the fisher receives some bycatch of most of the species he may catch. However, no PSC

quota would have been allocated to the catcher vessel in either case.

Bycatch "Bundles" Allocating quota shares in "bundles" would provide our catcher vessel with a mix of bycatch species that should allow him to fish his initial allocation. Granting allocation rights in bundles would allow him to fish, but it would also increase the quota share pool for each of his "bycatch" species. Increasing the quota share pool for Pacific cod, for example, by allocating catch in bundles would reduce the IFQ granted to fishers targeting Pacific Cod. Conversely, the Pacific cod fishers probably would not have been able to fish if they were only issued quota shares for their retained catch because they wouldn't have the pollock bycatch they would need. These fishers are basically trading some of their target species IFQ for bycatch IFQ.

Allocation of quota share bundles based on the amount of target species that was reported (retained or retained and discarded) will basically credit fishers for a portion of what they discarded. Issuing quota shares in bundles should also allow fishers to fish their initial allocation by foregoing some of their target species IFQ in order to gain bycatch species IFQ. Basing the allocation on retained catch only, in conjunction with the bundling concept, would reduce the overall portfolio of those who reported their discards, relative to an allocation based on total reported catch.

**Table 2. Species Catch Composition (tons) When Targeting Pacific Cod
in the Bering Sea/Aleutian Islands Using Pot Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	0.00	0.20	0.00	60.28	0.00	0.24	2.39	2.49	6.34	6.60
A'tooth	0.00	7.47	0.00	446.88	0.00	343.88	4.00	4.15	1.15	1.20
Turbot	0.00	1.49	0.00	50.93	0.00	35.29	26.43	27.45	0.44	0.46
O. Rock	0.00	1.34	0.00	80.79	0.47	29.25	0.32	0.33	2.23	2.32
O. Ground	0.00	32.95	49.93	1,910.93	1.12	282.11	305.46	317.21	483.15	503.16
Rock Sole	0.00	22.91	0.00	331.63	0.00	329.94	0.12	0.13	0.91	0.95
O. Flat	0.00	31.13	0.00	580.50	0.00	372.21	0.00	0.00	0.00	0.00
P. Cod	700.92	701.23	8,485.86	8,837.33	4,005.80	4,186.63	4,706.72	4,887.86	8,485.86	8,837.33
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	115.85	120.31	60.10	62.59
Pollock	0.00	30.32	0.00	3,141.50	0.01	892.32	5.34	5.54	2.86	2.98
POP	0.00	0.00	0.00	112.56	0.00	81.54	0.03	0.03	0.07	0.08
Sablefish	0.00	0.06	0.62	22.57	11.20	39.04	0.01	0.01	0.08	0.08
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sqid	0.00	0.00	0.00	4.71	0.00	2.11	0.00	0.00	0.01	0.01
SR/Rougheye	0.00	1.61	0.00	4.05	0.00	37.91	9.97	10.36	0.85	0.89
SH/Northern	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.06	1.11	1.15
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	247.79	257.33	228.16	237.61
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	63.31	65.75	54.71	56.98
Y. Sole	0.00	27.89	0.00	1,436.53	0.00	664.52	16.45	17.09	15.08	15.71

**Table 3. Species Catch Composition (tons) When Targeting Pacific Cod
in the Bering Sea/Aleutian Islands Using Longline Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	0.00	0.00	18.84	1,505.69	0.00	0.52	0.42	0.50	124.31	126.77
A'tooth	0.00	38.41	50.93	4,130.99	0.38	184.39	11.98	14.43	2,631.76	2,683.75
Turbot	0.00	0.02	86.34	221.79	2.12	29.13	3.19	3.84	462.49	471.63
O. Rock	0.00	0.00	132.07	844.63	5.34	10.58	3.10	3.73	99.23	101.19
O. Ground	0.00	1.11	720.11	4,445.48	0.00	233.96	73.67	88.73	18,788.47	19,159.61
Rock Sole	0.00	0.78	8.58	3,762.01	0.00	206.70	0.69	0.83	53.31	54.36
O. Flat	0.00	0.75	11.74	4,765.84	0.00	450.19	1.40	1.69	412.07	420.21
P. Cod	14.18	14.71	88,998.03	90,756.08	535.98	647.90	550.16	662.61	88,998.03	90,756.08
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	145.81	175.61	10,230.12	10,432.21
Pollock	0.00	80.65	70.93	10,183.60	0.00	864.12	11.39	13.72	5,731.34	5,844.56
POP	0.00	0.81	5.34	348.45	0.72	7.34	0.00	0.00	91.97	93.78
Sablefish	0.00	0.00	112.02	229.01	31.03	35.96	1.64	1.98	42.28	43.12
Salmon	0.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.72	0.74
Sqid	0.00	0.00	0.00	33.19	0.00	1.48	0.00	0.00	0.02	0.02
SR/Rougheye	0.00	0.00	183.99	274.42	0.78	4.17	5.80	6.99	521.44	531.74
SH/Northern	0.00	0.00	0.00	0.00	0.00	0.00	0.35	0.42	43.55	44.41
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.92	1.11	118.94	121.29
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	7.35	7.50
Y. Sole	0.00	0.00	0.36	5,515.35	0.00	914.07	0.06	0.08	101.25	103.25

**Table 4. Species Catch Composition (tons) When Targeting Sablefish
in the Bering Sea/Aleutian Islands Using Longline Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	0.00	0.00	0.00	313.83	0.00	0.52	0.00	0.00	0.00	0.00
A'tooth	0.00	2.25	2.73	406.69	0.00	225.56	115.68	115.87	101.51	102.50
Turbot	0.00	0.28	87.85	91.55	84.83	85.85	398.52	399.20	460.72	465.20
O. Rock	3.12	3.13	95.40	195.70	74.58	83.97	95.43	95.59	81.83	82.63
O. Ground	0.00	7.11	0.97	343.25	0.00	175.37	160.49	160.77	89.36	90.23
Rock Sole	0.00	0.00	0.00	296.53	0.00	262.85	0.00	0.00	0.00	0.00
O. Flat	0.00	0.22	0.09	708.04	0.00	211.79	0.00	0.00	0.08	0.08
P. Cod	0.00	0.09	19.34	244.43	20.52	101.47	0.25	0.25	18.16	18.33
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	60.35	60.45	231.52	233.78
Pollock	0.00	2.17	0.00	877.55	0.00	294.05	0.00	0.00	0.01	0.01
POP	0.00	0.00	0.00	66.47	0.33	21.23	0.00	0.00	0.00	0.00
Sablefish	56.44	56.44	962.29	971.65	701.31	702.60	757.75	759.04	962.29	971.65
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sqid	0.00	0.00	0.00	9.08	0.00	0.06	0.00	0.00	0.00	0.00
SR/Rougheye	0.00	0.00	8.93	14.69	0.20	4.22	16.47	16.50	23.88	24.11
SH/Northern	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.83	0.84
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03	1.01	1.02
Y. Sole	0.00	0.00	0.00	872.81	0.00	403.79	0.00	0.00	0.00	0.00

**Table 5. Species Catch Composition (tons) When Targeting Greenland Turbot
in the Bering Sea/Aleutian Islands using Longline Gear, 1992**

Species	Reported Catch						Estimated Catch Based On Observed Bycatch Rates			
	(Weekly Processor)		Reported Catch				Catcher Vessels		Catcher Processors	
	Mothership Retained	retained Catch Total	Catcher Processors Retained	Total	Shoreside Deliveries Retained	Total	Retained	Total	Retained	Total
Atka M.		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A'tooth		0.00	0.00	0.20	0.00	0.37	0.66	0.67	3.86	3.86
Turbot		0.00	27.05	27.05	6.96	7.05	6.96	7.05	27.05	27.05
O. Rock		0.00	1.52	1.52	0.05	0.10	0.07	0.07	3.86	3.86
O. Ground		0.00	0.00	0.00	0.00	0.35	0.05	0.05	2.26	2.26
Rock Sole		0.00	0.00	2.80	0.00	0.00	0.00	0.00	0.00	0.00
O. Flat		0.00	0.00	14.50	0.00	0.39	0.01	0.01	0.00	0.00
P. Cod		0.00	16.51	16.51	1.95	2.32	0.00	0.00	0.49	0.49
Halibut		0.00	0.00	0.00	0.00	0.00	1.81	1.83	2.80	2.80
Pollock		0.00	0.00	6.80	0.00	45.80	0.00	0.00	0.00	0.00
POP		0.00	0.00	0.00	0.16	0.39	0.00	0.00	0.15	0.15
Sablefish		0.00	17.95	17.95	0.56	0.56	0.40	0.41	11.74	11.74
Salmon		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sqid		0.00	0.00	0.00	0.00	0.95	0.00	0.00	0.00	0.00
SR/Rougheye		0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.74	2.74
SH/Northern		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tanner Crab		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
King Crab		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03
Y. Sole		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Table 6. Species Catch Composition (tons) When Targeting Rock Sole
in the Bering Sea/Aleutian Islands Using Non-Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	0.00	0.00	2.68	25.60	0.00	0.00	0.00	0.00	4.06	4.44
A'tooth	0.00	0.00	0.24	329.03	0.00	0.00	0.12	0.13	247.86	270.79
Turbot	0.00	0.00	0.46	13.30	0.00	0.00	0.00	0.00	0.29	0.32
O. Rock	0.00	0.00	0.00	82.69	0.00	0.00	0.00	0.00	0.11	0.12
O. Ground	0.00	0.00	29.61	450.15	0.00	2.47	20.09	21.12	1,196.08	1,306.70
Rock Sole	38.66	39.63	11,825.99	12,919.68	269.96	284.93	308.62	324.56	11,825.99	12,919.68
O. Flat	0.00	0.39	2,434.17	3,064.41	4.46	11.78	106.96	112.49	2,860.06	3,124.56
P. Cod	32.53	32.53	2,199.92	2,687.40	37.16	38.99	134.26	141.20	2,951.39	3,224.34
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	22.40	23.56	459.38	501.87
Pollock	28.67	28.67	603.63	3,642.96	3.21	6.71	153.89	161.84	4,831.35	5,278.16
POP	0.00	0.00	0.00	17.97	0.00	0.00	0.00	0.00	0.05	0.05
Sablefish	0.00	0.00	0.00	7.72	0.00	0.00	0.00	0.00	0.63	0.69
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.54	0.59
Sqid	0.00	0.00	0.00	3.51	0.00	0.00	0.00	0.00	0.19	0.21
SR/Rougheye	0.00	0.00	2.46	2.65	0.00	0.00	0.00	0.00	0.00	0.00
SH/Northern	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.12
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	3.99	4.19	355.71	388.60
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	3.84	4.04	117.77	128.66
Y. Sole	0.00	0.00	1,925.33	2,790.18	10.41	44.94	305.49	321.27	4,987.34	5,448.58

**Table 7. Species Catch Composition When Targeting Yellowfin Sole
in the Bering Sea/Aleutian Islands Using Non-Pelagic Trawl Gear**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	0.00	0.15	0.00	1.72	0.00	0.00	0.00	0.00	3.01	3.12
A'tooth	0.00	44.83	17.63	1,135.75	0.36	2.14	28.98	31.35	568.79	587.96
Turbot	0.00	8.85	2.35	41.92	0.00	2.34	0.00	0.00	0.54	0.56
O. Rock	0.00	0.49	0.00	127.75	0.00	0.00	0.00	0.00	1.15	1.19
O. Ground	17.99	78.98	184.25	1,736.68	0.00	224.26	516.77	559.05	8,193.83	8,469.92
Rock Sole	28.27	118.21	3,929.72	4,854.95	7.61	8.51	811.65	878.06	14,613.45	15,105.85
O. Flat	7.74	139.08	2,434.17	4,193.87	9.14	14.20	1,529.34	1,654.46	16,216.91	16,763.33
P. Cod	22.39	139.43	3,799.92	4,535.94	23.70	40.67	688.08	744.37	10,004.59	10,341.69
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	36.65	39.65	944.73	976.56
Pollock	28.03	472.75	1,636.77	8,121.67	93.99	157.58	1,400.08	1,514.63	14,101.76	14,576.92
POP	0.00	0.20	0.30	19.42	0.00	0.00	0.00	0.00	0.04	0.05
Sablefish	0.00	0.04	0.02	26.97	0.00	0.00	0.00	0.00	0.00	0.00
Salmon	0.00	0.00	0.00	153.00	0.00	0.00	0.00	0.00	5.23	5.41
Sqid	0.00	0.07	0.00	15.42	0.00	0.00	0.00	0.00	1.47	1.52
SR/Rougheye	0.00	0.02	0.06	6.08	0.00	0.00	0.00	0.00	0.00	0.00
SH/Northern	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.08
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	327.24	354.02	2,296.34	2,373.72
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	7.27	7.86	254.63	263.21
Y. Sole	4,915.03	5,283.47	81,651.29	84,402.50	10.41	44.94	4,925.44	5,328.41	81,651.29	84,402.50

**Table 9. Species Catch Composition (tons) When Targeting Pacific Cod
in the Bering Sea/Aleutian Islands Using Non-Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	24.08	213.73	918.26	1,749.53	3.03	202.98	8.17	8.26	1,768.05	1,795.46
Atooth	30.73	534.40	71.18	977.92	0.93	94.29	751.53	760.04	2,258.40	2,293.41
Turbot	0.00	3.21	7.96	23.80	0.10	11.42	1.59	1.61	134.84	136.93
O. Rock	2.43	122.68	1.56	242.76	0.12	42.00	27.12	27.43	431.72	438.41
O. Ground	0.00	263.79	25.23	1,077.24	5.06	179.53	1,871.36	1,892.54	2,416.51	2,453.97
Rock Sole	38.00	457.00	722.00	1,347.00	0.00	285.00	1,579.95	1,597.83	3,416.60	3,469.56
O. Flat	18.00	448.62	184.00	903.90	16.00	418.25	1,179.60	1,192.96	1,162.56	1,180.58
P. Cod	9,065.55	9,110.47	19,611.13	19,915.09	12,474.77	12,673.70	21,540.32	21,784.17	19,611.13	19,915.09
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	2,016.55	2,039.38	682.70	693.28
Pollock	324.23	916.97	929.89	3,462.65	172.75	896.99	9,387.62	9,493.89	8,222.61	8,350.06
POP	1.29	15.85	383.58	542.92	0.10	26.57	43.85	44.35	354.58	360.07
Sablefish	0.00	0.00	1.13	14.63	0.00	0.40	0.95	0.96	2.42	2.46
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	15.84	16.02	24.98	25.36
Squid	0.00	0.07	0.00	0.24	0.00	1.15	1.19	1.20	8.97	9.11
SR/Rougheye	0.00	0.00	54.21	86.56	0.00	7.14	0.26	0.26	19.16	19.46
SH/Northern	0.00	0.00	0.00	0.00	0.00	0.00	16.79	16.98	410.17	416.53
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	29.59	29.92	137.56	139.69
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.01	3.06
Y. Sole	0.00	263.00	43.00	941.00	0.00	871.00	113.25	114.53	68.64	69.71

**Table 10. Species Catch Composition (tons) When Targeting Pacific Cod
in the Bering Sea/Aleutian Islands Using Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	0.00	0.00	0.00	69.88	0.00	0.00	0.00	0.00	0.00	0.00
A'tooth	0.00	0.02	0.00	5.90	0.00	7.43	0.97	0.97	5.80	6.44
Turbot	0.00	0.00	2.92	3.12	0.00	0.02	0.77	0.77	0.04	0.05
O. Rock	0.00	0.00	2.00	2.00	0.00	0.00	0.04	0.04	100.69	111.95
O. Ground	0.00	0.04	0.00	12.98	0.00	4.13	6.31	6.31	8.22	9.14
Rock Sole	0.00	0.00	0.00	3.00	0.00	4.00	5.69	5.70	9.77	10.87
O. Flat	0.00	0.00	0.00	4.25	0.00	0.00	6.25	6.25	9.65	10.73
P. Cod	240.40	240.43	291.52	324.12	88.16	88.16	328.56	328.59	291.52	324.12
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	8.67	8.67	9.42	10.47
Pollock	0.00	0.00	11.25	43.42	0.00	5.21	49.18	49.19	82.14	91.32
POP	0.00	0.00	0.00	6.14	0.00	0.00	0.00	0.00	18.13	20.16
Sablefish	0.00	0.00	8.89	8.89	0.00	0.00	0.00	0.00	0.00	0.00
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.10	0.00	0.00
Sqid	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.00	0.00
SR/Rougheye	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.06	0.00	0.00
SH/Northern	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.69	111.95
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.45	3.83
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Y. Sole	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Table 11. Species Catch Composition (tons) When Targeting Pollock
in the Bering Sea/Aleutian Islands Using Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	0.00	43.84	0.64	576.89	2.85	84.68	20.61	20.81	6.01	6.12
A'tooth	0.00	280.26	103.93	3,004.13	58.68	252.89	241.45	243.86	376.91	384.04
Turbot	0.00	32.79	24.33	183.05	46.26	48.53	96.97	97.93	85.11	86.72
O. Rock	0.00	254.37	0.80	233.87	4.45	86.98	16.28	16.44	2.92	2.97
O. Ground	0.00	645.53	40.22	2,364.75	91.09	437.31	235.89	238.23	682.28	695.19
Rock Sole	0.00	1,007.00	126.00	3,335.00	15.00	877.00	80.54	81.34	470.33	479.23
O. Flat	2.00	1,210.53	160.00	3,275.88	368.00	1,178.40	570.77	576.45	1,127.77	1,149.10
P. Cod	313.57	630.63	2,184.69	3,970.72	2,130.50	2,480.91	2,392.07	2,415.88	2,683.81	2,734.58
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	35.44	35.80	138.64	141.27
Pollock	204,330.89	207,010.84	600,572.19	611,933.96	345,288.34	348,077.95	549,619.23	555,088.79	600,572.19	611,933.96
POP	0.00	57.49	9.57	507.63	10.20	51.36	36.99	37.36	17.27	17.60
Sablefish	0.00	48.61	0.19	10.74	3.09	6.89	8.50	8.59	0.71	0.73
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	173.90	175.63	56.41	57.47
Squid	0.00	5.00	3.23	45.94	288.62	293.02	358.53	362.10	237.13	241.61
SR/Rougheye	0.00	13.24	0.00	48.71	0.81	3.61	7.82	7.89	6.94	7.07
SH/Northern	0.00	0.00	0.00	0.00	0.00	0.00	5.27	5.32	0.78	0.80
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	38.97	39.36	217.98	222.10
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.88	0.89	0.95	0.97
Y. Sole	0.00	765.00	5.00	2,590.00	4.00	677.00	4.23	4.28	26.69	27.19

**Table 12. Species Catch Composition (tons) When Targeting Pollock
in the Bering Sea/Aleutian Islands Using Non-Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	0.00	0.00	0.00	13.12	0.00	0.00	0.00	0.00	1.18	1.26
A'tooth	0.25	15.91	29.33	236.82	0.30	3.82	0.16	0.17	12.14	12.97
Turbot	0.00	1.20	0.76	9.29	0.08	0.08	0.00	0.00	0.28	0.30
O. Rock	0.05	7.18	0.00	4.52	0.02	0.02	0.00	0.00	0.03	0.04
O. Ground	0.00	42.49	36.80	155.10	11.40	73.71	0.09	0.09	11.30	12.07
Rock Sole	128.00	287.00	657.00	873.00	0.00	90.00	2.09	2.22	71.88	76.79
O. Flat	8.00	33.71	112.00	613.60	56.00	58.05	21.32	22.61	49.69	53.08
P. Cod	361.83	366.58	929.03	1,098.81	223.20	223.20	64.59	68.50	171.62	183.35
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	3.55	3.77	39.38	42.08
Pollock	3,010.07	3,311.33	13,581.59	14,510.16	4,768.65	4,937.28	7,778.72	8,248.61	13,581.59	14,510.16
POP	3.44	12.84	29.98	34.22	25.19	25.41	34.82	36.92	0.11	0.12
Sablefish	0.00	0.74	0.76	11.25	0.00	0.00	0.00	0.00	0.00	0.00
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.14	0.15	4.74	5.07
Sqid	5.18	5.18	0.00	0.02	42.75	57.83	19.87	21.07	3.71	3.96
SR/Rougheye	0.00	0.02	0.40	5.26	0.00	0.12	0.00	0.00	0.01	0.01
SH/Northern	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.10	2.85	3.04
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.42	2.58
Y. Sole	0.00	34.00	28.00	181.00	0.00	0.00	0.04	0.04	1.70	1.81

Table 13. Species Catch Composition (tons) When Targeting Pacific Ocean Perch in the Bering Sea/Aleutian Islands using Non-Pelagic Trawl Gear, 1992

Species Harvested	Reported Catch (Weekly Processor Reports)				Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total
Atka M.	0.08	0.08	1,223.27	1,253.88	31.66	31.66	1,353.05	1,359.07
A'tooth	0.00	0.00	14.98	136.52	22.05	22.05	1,476.99	1,483.55
Turbot	8.34	8.34	178.08	187.09	0.49	0.49	25.40	25.51
O. Rock	0.00	0.00	26.53	84.10	19.19	19.19	834.64	838.35
O. Ground	0.00	22.92	6.93	234.08	11.54	11.54	667.50	670.47
Rock Sole	1.00	19.00	12.00	164.00	1.57	1.57	70.50	70.81
O. Flat	0.00	15.00	92.00	379.28	0.35	0.35	166.26	167.00
P. Cod	1.38	5.36	753.70	839.22	33.19	33.19	1,582.98	1,590.01
Halibut	0.00	0.00	0.00	0.00	8.86	8.86	441.31	443.27
Pollock	0.00	8.00	83.12	635.01	31.93	31.93	1,589.42	1,596.49
POP	167.44	167.44	9,252.60	9,293.73	167.44	167.44	9,252.60	9,293.73
Sablefish	4.05	4.05	18.69	18.70	0.17	0.17	8.53	8.56
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	2.41	2.42
Sqid	0.00	0.00	0.13	0.62	0.03	0.03	18.35	18.43
SR/Rougheye	0.00	0.00	518.98	519.51	0.00	0.00	0.00	0.00
SH/Northern	0.00	0.00	0.00	0.00	15.36	15.36	667.70	670.66
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.20
King Crab	0.00	0.00	0.00	0.00	0.25	0.25	10.74	10.79
Y. Sole	0.00	17.00	0.00	638.00	0.03	0.03	1.19	1.20

**Table 14. Species Catch Composition (tons) When Targeting Pacific Cod
in the Gulf of Alaska Using Pot Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	5.33	0.00	0.00	0.02	847.06	3.15	3.63	0.00	0.00
Deep Flats	0.00	0.56	0.00	0.00	0.04	176.43	0.00	0.00	0.00	0.00
D. Shelf Rock	0.00	0.00	0.00	0.00	0.02	0.09	0.05	0.06	0.00	0.00
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.08	0.00	0.00
O. Rock	0.00	0.00	0.00	0.00	0.03	226.68	1.91	2.20	0.00	0.00
O Ground	2.40	27.81	0.00	0.00	74.30	1,220.43	166.23	191.66	0.24	0.24
P. Cod	254.46	263.80	51.91	51.91	9,460.47	10,937.35	9,714.93	11,201.15	51.91	51.91
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	170.22	196.26	0.70	0.70
P. Shelf Rock.	0.00	0.00	0.00	0.00	0.07	3.09	1.59	1.83	0.00	0.00
Pollock	0.00	62.69	0.00	0.00	1.34	4,359.24	2.41	2.78	0.00	0.00
POP	0.00	4.50	0.00	0.00	0.00	268.87	0.19	0.21	0.00	0.00
Sablefish	0.00	0.00	0.00	0.00	0.00	5.05	1.34	1.54	0.00	0.00
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shallow Flats	0.00	169.94	0.00	0.00	0.38	2,024.40	0.58	0.67	0.00	0.00
SH/Rougheyeye	0.00	0.01	0.00	0.00	0.89	36.86	0.07	0.08	0.00	0.00
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	14.14	16.31	0.01	0.01
Thornyheads	0.00	0.00	0.00	0.00	0.29	0.29	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.00	0.00

**Table 15. Species Catch Composition (tons) When Targeting Pacific Cod
in the Gulf of Alaska Using Longline Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	88.17	0.31	665.74	0.27	598.21	0.00	0.35	0.02	36.84
Deep Flats	0.00	0.01	1.86	53.17	0.05	33.84	13.04	14.64	3.98	4.19
D. Shelf Rock	0.00	0.00	9.22	9.22	37.84	38.32	28.02	31.47	14.77	15.55
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	9.92	11.14	2.80	2.95
O. Rock	0.00	0.00	0.50	58.67	6.18	47.24	7.47	8.39	11.02	11.59
O Ground	0.21	116.29	2.63	490.05	5.03	1,133.44	82.51	92.66	77.58	81.64
P. Cod	361.57	438.19	8,291.72	8,724.92	5,682.85	6,350.09	6,044.42	6,788.28	8,291.72	8,724.92
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	1,884.25	2,116.13	3,716.59	3,910.76
P. Shelf Rock.	0.96	0.96	0.05	0.31	13.98	17.13	6.94	7.80	4.68	4.92
Pollock	0.00	150.09	0.00	1,671.60	9.12	3,950.85	42.91	48.19	34.45	36.25
POP	0.00	11.05	0.00	25.66	0.00	187.14	0.01	0.01	0.13	0.14
Sablefish	0.00	0.00	30.05	31.11	26.75	28.51	145.15	163.02	571.90	601.78
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shallow Flats	0.00	56.85	0.00	1,032.73	0.00	2,330.80	5.53	6.21	7.19	7.56
SH/Rougheye	0.00	0.00	0.02	1.06	5.74	34.60	1.65	1.85	9.82	10.33
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.24	0.26	0.09	0.10
Thornyheads	0.00	0.00	0.36	0.36	21.42	22.90	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01

**Table 16. Species Catch Composition (tons) When Targeting
Shortracker/Rougheye in the Gulf of Alaska using Longline Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	0.00	0.00	0.08	0.00	4.80	0.00	2.75	0.00	0.01
Deep Flats	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D. Shelf Rock	0.00	0.00	0.00	0.00	3.26	3.26	0.01	0.01	0.00	0.00
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
O. Rock	0.00	0.00	0.00	1.44	0.10	0.10	0.01	0.01	0.00	0.07
O Ground	0.00	0.00	0.00	12.52	0.00	32.22	0.00	0.01	0.00	0.01
P. Cod	0.00	0.00	0.94	1.55	0.16	14.50	0.00	0.16	0.00	0.00
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
P. Shelf Rock.	0.00	0.00	0.00	0.00	0.04	0.04	0.00	0.00	0.00	0.00
Pollock	0.00	0.00	0.00	0.00	0.00	26.16	0.00	0.00	0.00	0.00
POP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sablefish	0.00	0.00	18.62	18.62	0.00	0.00	0.00	0.00	8.07	8.07
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shallow Flats	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SH/Rougheye	0.00	0.00	86.36	103.31	4.99	6.69	4.99	6.69	86.36	103.31
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Thornyheads	0.00	0.00	2.60	2.60	3.56	3.56	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Table 17. Species Catch Composition (tons) When Targeting Arrowtooth
Flounder in the Gulf of Alaska using Non-Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	0.00	126.66	126.66	144.68	159.90	144.68	159.90	126.66	126.66
Deep Flats	0.00	0.00	0.18	0.18	64.07	64.17	50.88	56.23	51.52	51.52
D. Shelf Rock	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.44	0.07	0.07
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	19.05	21.06	3.16	3.16
O. Rock	0.00	0.00	14.34	14.34	0.00	0.00	3.30	3.65	4.62	4.62
O Ground	0.00	0.00	0.00	0.00	16.15	31.68	1.07	1.18	0.87	0.87
P. Cod	0.00	0.00	0.00	0.00	104.49	108.49	33.95	37.52	18.54	18.54
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	26.87	29.70	14.83	14.83
P. Shelf Rock.	0.00	0.00	5.38	5.38	0.00	0.00	0.53	0.59	0.50	0.50
Pollock	0.00	0.00	0.00	0.00	44.70	74.33	27.42	30.31	8.83	8.83
POP	0.00	0.00	0.00	0.00	0.00	0.00	2.42	2.68	6.76	6.76
Sablefish	0.00	0.00	3.06	3.06	16.66	16.66	16.57	18.31	3.69	3.69
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.05	0.22	0.22
Shallow Flats	0.00	0.00	0.17	0.17	713.78	713.78	3.71	4.10	0.37	0.37
SH/Rougheye	0.00	0.00	0.00	0.00	3.29	3.29	2.02	2.23	5.17	5.17
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.19	0.10	0.10
Thornyheads	0.00	0.00	0.00	0.00	1.05	1.05	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 18. Species Catch Composition (tons) When Targeting Other Rockfish in the Gulf of Alaska using Non-Pelagic Trawl Gear, 1992

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	0.00	187.72	236.05	0.00	0.00	0.00	0.00	587.42	587.43
Deep Flats	0.00	0.00	99.04	104.57	0.00	0.00	0.00	0.00	85.25	85.25
D. Shelf Rock	0.00	0.00	33.66	33.66	0.00	0.00	0.00	0.00	128.30	128.30
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.09	8.09
O. Rock	0.00	0.00	5,711.54	5,711.63	0.00	0.00	0.00	0.00	5,711.54	5,711.63
O Ground	0.00	0.00	92.38	236.36	0.00	0.00	0.00	0.00	335.18	335.18
P. Cod	0.00	0.00	225.65	254.78	0.00	0.00	0.00	0.00	599.40	599.41
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	195.57	195.57
P. Shelf Rock.	0.00	0.00	1,309.74	1,310.05	0.00	0.00	0.00	0.00	2,246.54	2,246.58
Pollock	0.00	0.00	99.75	198.43	0.00	0.00	0.00	0.00	127.90	127.91
POP	0.00	0.00	59.87	59.87	0.00	0.00	0.00	0.00	753.75	753.76
Sablefish	0.00	0.00	898.42	904.92	0.00	0.00	0.00	0.00	214.50	214.51
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.79	4.79
Shallow Flats	0.00	0.00	69.31	331.67	0.00	0.00	0.00	0.00	44.81	44.81
SH/Rougheye	0.00	0.00	426.09	426.10	0.00	0.00	0.00	0.00	34.36	34.36
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.27	0.27
Thornyheads	0.00	0.00	134.63	134.63	0.00	0.00	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.02	1.02

**Table 19. Species Catch Composition (tons) When Targeting Pacific Cod
in the Gulf of Alaska Using Non-Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	20.70	562.18	1.85	167.42	258.06	538.61	1,765.04	1,784.01	225.32	228.92
Deep Flats	0.50	22.45	131.28	136.99	381.84	391.00	67.94	68.67	44.22	44.93
D. Shelf Rock	0.50	1.04	0.00	0.05	1.92	2.46	9.50	9.60	3.26	3.31
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	417.81	422.30	157.26	159.77
O. Rock	8.99	31.61	40.98	46.57	3.00	48.22	195.45	197.55	82.04	83.35
O Ground	0.08	280.54	3.48	136.99	24.04	835.23	1,382.48	1,397.34	135.06	137.22
P. Cod	7,590.05	7,621.70	2,689.79	2,732.85	35,382.53	35,812.77	42,972.58	43,434.47	2,689.79	2,732.85
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	1,161.71	1,174.19	119.73	121.64
P. Shelf Rock.	0.50	9.05	4.13	4.13	66.81	67.44	98.90	99.97	9.71	9.86
Pollock	238.58	480.28	6.87	623.67	818.01	2,037.93	6,625.76	6,696.98	553.18	562.04
POP	0.12	65.52	3.43	29.54	5.73	128.77	27.11	27.40	37.93	38.54
Sablefish	0.00	2.76	27.22	27.22	53.96	56.80	22.01	22.25	4.58	4.65
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	21.97	22.20	1.95	1.98
Shallow Flats	694.83	750.71	483.00	732.61	2,294.27	3,751.66	5,937.07	6,000.88	298.49	303.27
SH/Rougheye	0.00	4.93	26.43	29.26	35.70	40.70	0.40	0.40	4.41	4.48
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	19.69	19.90	1.24	1.26
Thornyheads	0.00	2.97	17.74	17.74	20.12	21.62	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00

**Table 20. Species Catch Composition (tons) When Targeting Pollock
in the Gulf of Alaska Using Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	36.74	0.00	12.95	92.15	237.21	1,142.15	1,163.45	0.18	0.19
Deep Flats	0.00	3.55	0.00	0.00	12.90	34.40	92.30	94.02	0.00	0.00
D. Shelf Rock	0.00	0.00	0.00	0.00	0.11	0.98	0.01	0.01	0.00	0.00
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	105.22	107.19	2.57	2.59
O. Rock	0.00	2.04	0.00	0.00	0.27	11.10	27.02	27.52	0.02	0.02
O Ground	0.00	1.24	0.00	53.27	216.08	473.43	344.33	350.75	12.10	12.19
P. Cod	0.02	0.24	0.45	4.80	204.88	476.11	876.76	893.11	0.06	0.06
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	11.04	11.25	0.00	0.00
P. Shelf Rock.	0.00	0.00	0.00	0.00	0.51	0.61	8.90	9.07	0.00	0.00
Pollock	2,684.02	2,684.81	2,884.01	2,905.48	67,457.85	68,765.17	70,141.87	71,449.98	2,884.01	2,905.48
POP	0.00	0.00	0.00	0.00	0.38	32.97	170.18	173.35	1.99	2.00
Sablefish	0.00	1.50	0.00	0.00	10.08	10.20	2.72	2.77	0.00	0.00
Salmon	0.00	0.00	0.00	0.00	50.00	50.00	243.28	247.82	0.67	0.68
Shallow Flats	0.00	0.00	0.86	19.86	60.06	985.63	5.67	5.78	0.37	0.37
SH/Rougheye	0.00	1.40	0.00	0.00	0.57	5.88	86.48	88.09	22.90	23.07
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.27	0.27	0.00	0.00
Thornyheads	0.00	0.00	0.00	0.00	0.89	1.08	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Table 21. Species Catch Composition (tons) When Targeting Pollock
in the Gulf of Alaska Using Non-Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	31.66	2.00	2.46	47.76	91.28	166.00	193.81	0.00	0.00
Deep Flats	0.00	0.00	2.14	2.14	75.70	76.31	9.46	11.04	0.00	0.00
D. Shelf Rock	0.00	0.00	0.00	0.00	1.88	1.88	0.00	0.00	0.00	0.00
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	38.69	45.17	0.00	0.00
O. Rock	0.00	0.00	0.00	0.00	0.85	1.04	0.73	0.86	0.00	0.00
O Ground	0.29	6.85	0.66	0.66	7.76	1,408.18	3.67	4.29	0.00	0.00
P. Cod	48.64	51.60	4.43	5.55	454.98	531.10	120.48	140.66	0.00	0.00
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	31.38	36.64	0.00	0.00
P. Shelf Rock.	0.00	0.00	0.00	0.00	3.92	3.92	0.73	0.86	0.00	0.00
Pollock	168.99	212.30	85.25	85.25	3,891.13	4,527.87	4,060.12	4,740.17	85.25	85.25
POP	0.00	0.00	1.48	1.48	0.44	3.65	1.61	1.88	0.00	0.00
Sablefish	0.00	0.00	0.09	0.09	15.80	15.80	0.07	0.09	0.00	0.00
Salmon	0.00	0.00	0.00	0.00	292.00	292.00	4.27	4.99	0.67	0.67
Shallow Flats	12.16	40.16	0.00	5.00	401.46	647.62	6.21	7.25	0.00	0.00
SH/Rougheye	0.00	0.03	0.38	0.38	2.55	2.66	0.00	0.00	0.00	0.00
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.00	0.00
Thornyheads	0.00	0.00	0.72	0.72	6.11	6.18	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Table 22. Species Catch Composition (tons) When Targeting Pacific Ocean
Perch in the Gulf of Alaska using Non-Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	0.00	24.27	107.24	0.00	0.00	0.00	0.00	1,888.04	1,891.36
Deep Flats	0.00	0.00	24.70	25.24	0.00	0.00	0.00	0.00	191.99	192.33
D. Shelf Rock	0.00	0.00	3.30	3.30	0.00	0.00	0.00	0.00	14.54	14.57
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.04	9.06
O. Rock	0.00	0.00	10.25	10.25	0.00	0.00	0.00	0.00	617.73	618.82
O Ground	0.00	0.00	76.96	248.85	0.00	0.00	0.00	0.00	95.10	95.27
P. Cod	0.00	0.00	125.36	172.86	0.00	0.00	0.00	0.00	242.21	242.63
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	829.24	830.70
P. Shelf Rock.	0.00	0.00	51.10	51.10	0.00	0.00	0.00	0.00	92.66	92.82
Pollock	0.00	0.00	33.67	242.29	0.00	0.00	0.00	0.00	255.01	255.46
POP	0.00	0.00	4,101.26	4,108.47	0.00	0.00	0.00	0.00	4,101.26	4,108.47
Sablefish	0.00	0.00	177.84	177.84	0.00	0.00	0.00	0.00	621.23	622.32
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.23	60.34
Shallow Flats	0.00	0.00	5.37	350.87	0.00	0.00	0.00	0.00	7.27	7.28
SH/Rougheye	0.00	0.00	255.39	258.20	0.00	0.00	0.00	0.00	272.86	273.34
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Thornyheads	0.00	0.00	165.26	165.26	0.00	0.00	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.40

**Table 23. Species Catch Composition (tons) When Targeting Sablefish
in the Gulf of Alaska using Non-Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	0.00	0.00	0.00	0.00	1.29	0.78	0.78	0.00	0.00
Deep Flats	0.00	0.00	0.00	0.00	0.00	0.00	0.83	0.83	0.00	0.00
D. Shelf Rock	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00
O. Rock	0.00	0.00	0.00	0.00	0.00	0.00	0.48	0.48	0.00	0.00
O Ground	0.00	0.00	0.00	0.00	0.00	3.66	0.04	0.04	0.00	0.00
P. Cod	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	0.22	0.22	0.00	0.00
P. Shelf Rock.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pollock	0.00	0.00	0.00	0.00	0.00	12.06	0.04	0.04	0.00	0.00
POP	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.08	0.00	0.00
Sablefish	0.00	0.00	0.00	0.00	2.22	2.22	2.22	2.22	0.00	0.00
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shallow Flats	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SH/Rougheye	0.00	0.00	0.00	0.00	0.01	0.01	0.03	0.03	0.00	0.00
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Thornyheads	0.00	0.00	0.00	0.00	0.10	0.10	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Table 24. Species Catch Composition (tons) When Targeting Shortraker/Rougheye
in the Gulf of Alaska using Non-Pelagic Trawl Gear, 1992**

Species Harvested	Reported Catch (Weekly Processor Reports)						Estimated Catch Based On Observed Bycatch Rates			
	Mothership Deliveries		Catcher Processors		Shoreside Deliveries		Catcher Vessels		Catcher Processors	
	Retained	Total	Retained	Total	Retained	Total	Retained	Total	Retained	Total
A'tooth	0.00	0.00	24.35	86.65	0.00	0.00	0.00	0.00	248.59	248.65
Deep Flats	0.00	0.00	8.51	12.11	0.00	0.00	0.00	0.00	77.22	77.24
D. Shelf Rock	0.00	0.00	3.32	3.32	0.00	0.00	0.00	0.00	3.19	3.19
Flathead Sole	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.30	3.30
O. Rock	0.00	0.00	82.72	90.02	0.00	0.00	0.00	0.00	129.12	129.15
O Ground	0.00	0.00	0.38	92.30	0.00	0.00	0.00	0.00	21.48	21.48
P. Cod	0.00	0.00	5.01	218.10	0.00	0.00	0.00	0.00	2.79	2.79
Halibut	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.31	16.31
P. Shelf Rock.	0.00	0.00	3.03	3.03	0.00	0.00	0.00	0.00	5.21	5.21
Pollock	0.00	0.00	0.00	466.51	0.00	0.00	0.00	0.00	13.70	13.70
POP	0.00	0.00	27.89	92.90	0.00	0.00	0.00	0.00	49.90	49.91
Sablefish	0.00	0.00	123.95	123.98	0.00	0.00	0.00	0.00	123.95	123.98
Salmon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.31	0.31
Shallow Flats	0.00	0.00	0.86	274.53	0.00	0.00	0.00	0.00	0.00	0.00
SH/Rougheye	0.00	0.00	675.28	675.28	0.00	0.00	0.00	0.00	864.18	864.39
Tanner Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.11
Thornyheads	0.00	0.00	111.99	111.99	0.00	0.00	0.00	0.00	0.00	0.00
King Crab	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.09

IFQs - GROUND FISH AND CRAB

SPECIES FOR INCLUSION

- Option A:** All species under Council jurisdiction, including PSCs.
- Option B:** Pollock and cod only with PSC species (halibut, crab, and herring) issued as IFQs based on historical portion of the caps for those fisheries. All other groundfish species managed under License Limitation program (except sablefish and halibut).

Under this option, groundfish bycatch species would also be needed to support the pollock and cod IFQ fisheries. These could be allocated individually (as with the PSCs) or as a set aside which would constitute a common pool for the IFQ fisheries.

- Option C:** Under Option A or B above, a percentage (either 45% or historical split) of BSAI Pacific cod would be set aside for a fixed gear License Limitation program.

AREAS

IFQs for all species and PSCs will be awarded based on current management areas.

CRITERIA FOR INITIAL QS QUALIFICATION

Initial QS will be awarded to current vessel owners, based on the catch history of the vessel currently owned. Options for defining 'current ownership' are:

- Option A:** define current as of June 24, 1992 (June 27 is actual date for end of reporting week).
- Option B:** define current as date of final Council action.

In addition to the options above, the Council is separately considering the following:

- Suboption A:** for GOA longline rockfish fisheries, allocate initial QS to owner at time of landings.

In addition to being a current vessel owner, the Council is considering a recent participation requirement for QS qualification. The options to be considered are:

- Option A:** No recent participation requirement
- Option B:** Vessel must have fished in three-year period prior to June 24, 1992 or date of final Council action (depending on option chosen for defining current ownership). If vessel is lost during this period, owner at time of loss is still eligible.

IFQs - GROUND FISH AND CRAB

COMMUNITY DEVELOPMENT QUOTA (CDQ) CONSIDERATIONS

In addition to allocating QS to current vessel owners, the Council may make initial allocations to CDQs as shown below:

Option A: No allocations to CDQs.

Option B: Initially allocate 3%, 7.5%, 10%, or 15% (options range up to 15%) as CDQs; may apply to any or all groundfish/crab species, but only for existing, eligible, BSAI communities with one of the following suboptions:

Suboption A: Patterned after current pollock CDQ program.

Suboption B: One-time allocation convertible to IFQs.

SKIPPER/CREWMEMBER CONSIDERATIONS

The Council is also considering the following options for including skippers and crewmembers in the IFQ program.

Option A: No allocations to skippers or crewmembers.

Option B: Initially allocate 3%, 5%, or 10% (options range up to 10%) to 'bona fide' skippers (as % of overall pie with specific allocation criteria to be identified later).

Option C: Under Option A or Option B above, 15% of any QS/IFQ sale is subject to first right of refusal by 'bona-fide crewmen'.

PROCESSOR CONSIDERATIONS

Either or both of the following options are being considered relevant to processors:

Option A: Assign separate processor QS (2-pie system). See separate description for elements of this program.

Option B: Require a percentage of harvest IFQs to be delivered shoreside (% will be based on last two years' average for each species).

IFQs - GROUND FISH AND CRAB

INITIAL QS CALCULATION

The following primary options are being considered for calculating QS of qualified recipients. Whichever option is chosen, QS amounts for each species will be calculated based on catch, then adjusted based on average bycatch rates to achieve initial 'bundles' of target/bycatch/PSC. The Council has discussed the issue of basing QS calculations on retained, as opposed to reported, catch. Pending further evaluation of this issue, basing the calculation on retained catch is not included as an option at this time.

Option A: QS based on reported catch of vessel from 1976 to either June 24, 1992 or date of final Council action (pre-1984 JV catch assigned based on average by fishery, by year for vessels which participated).

For Option A, the following suboptions are being considered for weighting factors:

Suboption A: No weighting by sector.

Suboption B: Weight DAP 3.5:1 JV.

Suboption C: Weight DAP 2:1 JV.

Suboption D: For JV prior to 1986 and for DAP prior to 1989, weight at 2:1.

Option B: QS based on reported catch of vessel from date of full DAP (by species) to either June 24, 1992 or date of final Council action.

Option C: QS based on reported catch of vessel from 1993 only.

In addition to the options shown above, the Council is considering the following possible alternatives which are specific to Pacific cod in the BSAI. If either of the options below is chosen, the calculation alternatives shown above would still apply for the remaining fisheries.

Option A: Allocate Pacific cod QS at 45% for fixed gear recipients/55% for trawl gear.

Option B: Allocate Pacific cod QS by gear types based on historical split. We will examine: (1) back to 1976, (2) back to date of full DAP for Pacific cod, and (3) 1993 only to determine historical split.

Unless otherwise directed, same initial QS calculation options apply to divide QS among participants in each sector.

IFQs - GROUND FISH AND CRAB
TRANSFERABILITY PROVISIONS

Any or all of the following options may apply:

- Option A:** No restrictions.
- Option B:** Two year restriction on sales only (could lease).
- Option C:** For groundfish only, non-transferable between fixed and mobile gear categories.
- Option D:** For crab fisheries only, non-transferable across catcher vs. catcher/processor categories.
- Option E:** 15% of any QS/IFQ for sale is subject to first right of refusal by "bona-fide crewmen" (this was also included under 'CREWMEMBER CONSIDERATIONS').

USE/OWNERSHIP PROVISIONS

The following three options are being considered relative to accounting under the IFQ program. These options will affect an operator's ability to match IFQs to catch, and also relate to the ability to effectively manage the program within the overall TACs.

- Option A:** Must control IFQs to cover expected catch before fishing.
- Option B:** Overage/Underage program as with sablefish and halibut program.
- Option C:** Must possess IFQs to cover catch within one month of harvest.

The following use/ownership provisions may also be considered by the Council:

- Option A:** Require a percentage of harvest IFQs to be delivered shoreside (% will be based on last 2 years' average for each species). This option was also included under 'PROCESSOR CONSIDERATIONS'.
- Option B:** Ownership caps would be set at 1%, 5%, 10%, or any number in that range.

GENERAL PROVISIONS

- * Allocations represent a use privilege; however, the Council could alter or rescind the program without compensation.
- * Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.

PROCESSOR QUOTAS - GROUND FISH AND CRAB

SPECIES FOR INCLUSION

- Option A:** All species for which IFQs are issued, except longline sablefish, halibut, and PSCs.
- Option B:** Pollock and Pacific cod only.

AREAS

Processor shares/individual processor quotas (PS/IPQs) are not area specific.

CRITERIA FOR INITIAL PS QUALIFICATION

Initial PS will be awarded to current processor (shorebased or at sea) owners, based on the processing history of the processor currently owned. Options for defining 'current ownership' are:

- Option A:** define current as of June 24, 1992 (June 27 is actual date for end of reporting week).
- Option B:** define current as date of final Council action.

In addition to being a current processor owner, the Council is considering a recent participation requirement for PS qualification. The options to be considered are:

- Option A:** No recent participation requirement
- Option B:** Processor must have processed groundfish/crab in three-year period prior to June 24, 1992 or date of final Council action (depending on option chosen for defining current ownership). If processor is lost during this period, owner at time of loss is still eligible.

COMMUNITY DEVELOPMENT QUOTA (CDQ) CONSIDERATIONS

In addition to allocating PS to current processor owners, the Council may make initial allocations to CDQs as shown below:

- Option A:** No allocations to CDQs.
- Option B:** Initially allocate 3%, 7.5%, 10%, or 15% (options range up to 15%) as CDQs; may apply to any or all groundfish/crab species, but only for existing, eligible, BSAI communities with one of the following suboptions:
- Suboption A:** Patterned after current pollock CDQ program.
- Suboption B:** One-time allocation convertible to IPQs.

PROCESSOR QUOTAS - GROUND FISH AND CRAB
FOREMEN/PLANTWORKER CONSIDERATIONS

The Council is also considering the following options for including plant foremen and workers in the IPQ program.

- Option A: No allocations to plant foremen or workers.
- Option B: Initially allocate 3%, 5%, or 10% (options range up to 10%) to 'bona fide' plant foremen (as % of overall pie with specific allocation criteria to be identified later).
- Option C: Under Option A or Option B above, 15% of any PS/IPQ sale is subject to first right of refusal by 'bona-fide plant workers'.

INITIAL PS CALCULATION

The following primary options are being considered for calculating PS of qualified recipients. Whichever option is chosen, PS amounts for each species will be calculated based on fish tickets and weekly processor reports, then adjusted based on average bycatch rates to achieve initial 'bundles' of target/bycatch.

- Option A: PS based on activity by processor from 1984 to either June 24, 1992 or date of final Council action.
- Option B: PS based on activity by processor from date of full DAP (by species) to either June 24, 1992 or date of final Council action.
- Option C: PS based on activity by processor from 1993 only.

TRANSFERABILITY PROVISIONS

Any or all of the following options may apply:

- Option A: No restrictions.
- Option B: Two year restriction on sales only (could lease).
- Option C: Non-transferable between fixed and mobile processors.
- Option D: 15% of any PS/IPQ for sale is subject to first right of refusal by "bona-fide plant workers" (this was also included under 'PLANTWORKER CONSIDERATIONS').

PROCESSOR QUOTAS - GROUND FISH AND CRAB

USE/OWNERSHIP PROVISIONS

Option A: Must control IPQs to cover expected processing before activity.

Option B: Overage/Underage program as with sablefish and halibut program.

Option C: Must possess IPQs to cover processing within one month of activity.

Use/ownership caps may also be considered by the Council, and need to be defined.

GENERAL PROVISIONS

- * Allocations represent a use privilege; however, the Council could alter or rescind the program without compensation.
- * Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

NATURE OF LICENSES

Alternatives include:

- (1) A single crab license applying to all species/areas.
- (2) Licenses for each species.
- (3) General license with endorsements for each species/area.

Suboption A: non-separable endorsements.

Suboption B: separable endorsements.

In addition to the three options above, the following two suboptions are being considered:

Suboption A: Separate licenses for catcher and catcher/processor operations.

Suboption B: Licenses for three catcher vessel size categories <60', 60' to 125', and >125'.

WHO WILL RECEIVE LICENSES

Alternatives include:

- (1) Current vessel owners ("current" is defined as of June 24, 1992 or as of final Council action) ("Persons" as defined by Magnuson Act).

Suboption A: Vessel owners at the time of landings.

Suboption B: Permit holders.

These two suboptions are only relevant if licenses are not attached to vessels.

CRITERIA FOR ELIGIBILITY

Alternatives include issuing license to any vessel (or person) who made landings between:

- (1) January 1, 1978 and December 31, 1993
- (2) Must have made landings between January 1, 1990 and December 31, 1993.

Suboption: Must have made at least 2 landings (per area/species combination) or made total crab landings of 5,000, 10,000, or 20,000 pounds (3 options) in any one year. (In addition to #1 or #2 above).

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

- (1) Licenses could be transferred (sold or leased) only to "Persons" (as defined by Title 46), i.e., U.S. citizens or U.S. owned corporations.
- (2) A person may own more than three (3) licenses but may only fish three vessels in a year.
- (3) Vessels must be transferred with license.
- (4) License may be transferred without vessel (can apply to "new" vessel).

Suboption: Non-transferable across size categories identified above.

BUYBACK PROGRAM (OPTIONAL)

A license buyback program using funds collected through a fee assessment on ex-vessel value of crab. The buyback program would govern all transfers of licenses and would have first right of refusal on licenses to be sold. All licenses purchased by the program would be permanently retired.

LICENSE SYSTEM FOR GROUND FISH

NATURE OF LICENSES

Alternatives include:

- (1) A single groundfish license applying to all species/areas.
- (2) Licenses for each species.
- (3) General license with endorsements for each species/area.

Suboption A: separable endorsements

Suboption B: non-separable endorsements

In addition to the three options above, the Council is considering the following suboptions:

Suboption A: Separate licenses for catcher and catcher/processor operations.

Suboption B: Licenses for three catcher vessel size categories <60', 60' to 125', and >125'.

Additionally, the Council is considering the following two specific options, which are related to the IFQ alternatives described separately:

- (1) Licenses for BSAI Pacific cod fixed gear fishery only; would apply to 45% (or historical split) of the TAC set aside for fixed gear.
- (2) Licenses for all target groundfish fisheries except pollock and Pacific cod which would be under IFQ program.

WHO WILL RECEIVE LICENSES

Alternatives include:

- (1) Current vessel owners ("current" is defined as of June 24, 1992 or as of final Council action) ("Persons" as defined by Magnuson Act).

Suboption A: Vessel owners at the time of landings.

Suboption B: Permit holders.

These two suboptions are only relevant if license is not attached to vessel.

CRITERIA FOR ELIGIBILITY

Alternatives include issuing license to any vessel (or person) who made landings between:

- (1) January 1, 1978 and December 31, 1993
- (2) January 1, 1990 and December 31, 1993.

Suboption: Must have made at least 2 landings (per area/species combination) or made total groundfish landings of 5,000, 10,000, or 20,000 pounds (3 options) in any one year. (In addition to #1 or #2 above).

LICENSE SYSTEM FOR GROUND FISH

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

- (1) Licenses could be transferred (sold or leased) only to "Persons" (as defined by Title 46), i.e., U.S. citizens or U.S. owned corporations.
- (2) A person may own more than three (3) licenses but may only fish three vessels in a year.
- (3) Vessels must be transferred with license.
- (4) License may be transferred without vessel (can apply to "new" vessel).

Suboption: Non-transferable across size categories identified above.

BUYBACK PROGRAM (OPTIONAL)

A license buyback program using funds collected through a fee assessment on ex-vessel value of groundfish. The buyback program would govern all transfers of licenses and would have first right of refusal on licenses to be sold. All licenses purchased by the program would be permanently retired.

Outline and Timeline for the Economic Analysis of the Comprehensive Rationalization Program

The process envisioned for the economic analysis of the Comprehensive Rationalization Program is very complex. Completion of the economics section of the analysis will require work on many individual sub-projects to be completed in a timely manner. In general these sub-projects include 1) preparatory work, 2) qualitative assessments, 3) quantitative assessments. The amount of work required to be completed depends a great deal on the alternatives to be analyzed. For example we estimate that for each alternative management regime up to 41 analyst days will be required for the quantitative work and 20 days for qualitative work.

The sub-projects or tasks are described below. Included in the text are estimates of the time needed to complete the task. It should be noted that all work times stated below represent standard 5-day work weeks for a single analyst, and are calculated from December 13, 1993, the first work day following the December meeting. In the margin we show the estimated days and the initials of the analyst assigned to the project. In cases where ranges of days are stated the margin of error is included in parenthesis. Analysts currently assigned to the CRP project are , Darrell Brannan (DB), Dave Colpo (DC), Jon McCracken (JM), and Marcus Hartley (MH). Time requirements of contract analysts have not been included added to times in the margin.

- I. **Preparatory Work:** Five projects must be completed before the actual analysis may begin, including: A) Complete the Representative Vessel / Processor Profiles, B) Finalize the Analysis Database. C) Finalize the LP Model. D) Receive and prepare the Fishery Economic Assessment Models. E) Receive and prepare the Economic Base Models. These projects are described below.

- A. **Complete Representative Vessel / Processor Profiles:** The information gathered in these profiles is absolutely critical to all of the economic analyses. This project is, however, behind schedule. The completion of the fully documented representative vessel profiles is not anticipated to be completed until April 1, 1994, requiring between 110 and 135 analyst days. However, we expect summary information from this exercise to be available for use in the LP and FEAM models by March 1, 1994, given current personnel assignments. Dave Colpo is putting enormous energy into this task, but is obviously is going to require more work than we had anticipated. If additional persons were made available for this part of the study, then information could be made available earlier. The Council staff very strongly recommends that additional personnel be assigned to this project. The following tasks need to be completed:

1. Develop preliminary summaries of cost and revenue information for each vessel class using existing, albeit outdated information. This process is currently underway and should not cause delay in the development of the Representative Vessel / Processor Profiles.
2. Complete pre-testing of questionnaires and interview process. This should be completed by December 17. A lot of progress should occur at the Seattle Council meeting. Dave Colpo will be attending and will be discussing the questionnaire and the interview process with attendees.
3. Select participants for group interviews. This can occur concurrently with the pre-testing process. We are hoping to have the selection complete by December 17.
4. Schedule interviews. Interviews can be scheduled only after participants are selected.

05 DC

05 DC

It should be noted that once the participants for a given category are selected the interview scheduling can begin. We would expect the interview scheduling to be completed by December 24.

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5. Conduct interviews. We anticipate each interview will last one day. There are 20 categories of vessels and processors, and therefore at least 20 interviews will have to be conducted. This means 20 days of interviewing. We believe the interview process could be shortened if more than one person were able to conduct and summarize interviews. For each person involved the time for the interview process can be cut. It should be noted that it is highly unlikely that the interviews can be scheduled to occur on consecutive days. If only one interviewer is available this consideration could push the time needed for interviews up to 40 days:

20 DC

6. Summarize interview information. As for the interview process we anticipate one day per category to summarize the information obtained in the interview. Again, this process can be shortened by putting more people on the task. It should be noted that having more than one interviewer could potentially result in some differences in the information obtained. We believe this problem can be minimized if the interviewers work closely together, sharing information regularly and discussing the process as it is ongoing. Also it should be noted that even if a single person conducted the interviews there would doubtless be some learning involved--the interviewer would be better able to facilitate discussions and to extract the necessary information the more interview experience was had. It should be noted that summary work does not need to wait until all interviews are completed. If for example, interviews were scheduled every other working day, and the information could be summarized in the interim, then the entire interview process could conceivably be completed in 40 working days by a single person.

05 DC

7. Prepare summarized information for use in the LP simulation model. It is anticipated that this will take up to one week.

10 (05) MH

8. Classify qualifying vessels and processors into the representative classes for each year of the allocation scenario. This exercise is not trivial, as vessels and processor configurations and operations rarely fit into clear cut boxes. The process involves making assessments of the vessel / processor classes for each year and then examining the classification of each vessel over the years to place the particular operation into the category that best describes it. This step is crucial in developing the final Representative Vessel / Processor Profiles, and in allocating QS for use in the economic and social impact assessments. We have completed assignments for 1992, and plan to use the same methodology to assign vessels and processors to classes for earlier years. Unfortunately, the assignment process is somewhat fuzzy, as are some of the data involved. Therefore examination of individual operations has been required; to this point we have not been able to computerize this process completely. It is anticipated that completing the assignment process may take from 2 to 3 weeks. It should also be noted that only preliminary assignments are possible until the ADB is finalized. Work on this particular portion of the analysis would benefit if additional analytical personnel were made available.
9. Apply other available data to the Representative Vessel / Processor Profiles. This involves the use of data collected independently of the CRP process and will include the following work.

20 JM

- a. An examination and compilation of the data available in the State of Alaska Department of Environmental Conservation Waste Permit files. This data will provide an independent assessment of the stated processing capacity of the processors, and will provide information on within class variability. This work is being done by Jon McCracken of the Council staff, and it is anticipated it will be available by January 1, 1994.

05 MH

- b. Collection and compilation of revenue data from PACFIN, NMFS Office of International Trade Services, and ADFG Annual Operators Reports. These data are in hand, or have been requested. Compilation of this data into appropriate vessel and processor categories will take up to one week.

20 DC

10. Write-up profile information. A formal write-up of the representative vessel/ processor profiles will be included in the final analysis, as part of the overall fishery profiles. The write-up is anticipated to take 20 days.

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- B. **Finish the Analysis Database:** Development of the Analysis Database (ADB) is continuing, albeit slowly. Darrell Brannan has completed the basic programming needed to put the datasets together. However, three major problems are apparent and are shown below. These problems notwithstanding we anticipate completion of the ADB by February 1, 1994 requiring an estimated 30 analyst days.
1. Inconsistencies in the ADFG Crab data have not yet been resolved: Western Region Shellfish reports and ADFG fish-tickets differ by nearly 30 million pounds over all years for all species. It appears we will be forced to use existing data sets rather than wait longer for any possible corrections. This may result in some misleading findings but it is assumed that the data problems could be resolved before actual allocations would occur.
 2. As expected, we are encountering difficulties linking the sets of information from different sources. Vessel and processor identifiers used by one agency are not the same as those used by others. Species codes and area codes are also different from each agencies. Without a consistent set of identifiers linking data from different agencies, the potential for double counting and misleading information is increased. LGL-Alaska a private consulting firm was recently awarded an S-K grant to develop a prototype Comprehensive Database in which many of these problems could be worked out. LGL's contract is with NMFS however and the Council has little control over the project's timing or it's outputs. It is uncertain whether LGL's work will be available for use in the analysis, particularly since their scheduled completion date is in the fall of 1994.
 3. Fish-ticket data for groundfish and halibut data for 1992 are not up to CFEC standards. These data will likely not be available until after the January Council meeting. Halibut data are an important factor in constructing the vessel and processor profiles because they allow us to track all revenues and cost of participants. Without the 1992 data we would assume 1992 halibut landings by participants in the groundfish and crab fisheries were the same as their 1991 halibut landings. The groundfish data problems appear mainly in the at-sea sector. For at-sea landing we intend to use other sources of data, specifically weekly processor reports and domestic observer reports.

- C. **Finish LP model:** We anticipate the expanded version of the LP will be ready to receive

the cost, revenue, and operational data from the representative vessel profiles no later than January 14, 1994. The following steps must be completed:

1. Submit draft model documentation to the SSC. This was mailed on Thursday, December 2, 1993.
2. Receive comments on draft model documentation. These should be received at the Council Meeting and will be forwarded to Dr. Berman.
3. Finalize model documentation. Dr. Berman anticipates completing the final draft of the documentation by December 24, 1993.
- 10 DB 4. Calculate bycatch and CPUE data for the target fisheries. This will be completed by December 24, 1993, and is actually imbedded in the discard/retained catch report being developed by Darrell Brannan.
- 05 MH 5. Implement the expanded model. This should be completed by January 14, 1994. It should be noted that in the absence of real data provided by the summarized representative vessel / processor profiles, only dummy cost information can be used. We will be able to specify actual numbers for TACs, and general CPUE and bycatch information for all species and areas to be included in the model. This phase will include preliminary testing of the full version.
- 05 MH 6. Receive and input summary data from the Representative Vessel / Processor Profiles, and test and finalize the model. This should take additional 5 days from the date of receipt.
- 05 (05) JM D. Receive and prepare Fishery Economic Assessment Models (FEAM) from Dr. William Jensen. Dr. Jensen indicates the completed models and documentation should be available as early as December 10, 1993. Cost and revenue parameters for the FEAMs will come from the Representative Vessel / Processor Profiles, and therefore any work using these models will be contingent upon completion of the profiles. It is anticipated that once cost and operational data are available, five to ten days will be needed to input data into the FEAMs
- 01 MH E. Receive and prepare EBMs. Dr. Huskey has indicated that the results of the EBMs are not as good as expected. A summary of his work will be delivered to the SSC at the December meeting. A final report by Dr. Huskey is expected by December 31, 1993. It should be noted that the EBMs have never been considered absolutely necessary to the completion of the CRP analysis. Their use has been anticipated to be as a check of the results of the FEAM. One day will be needed to prepare the EBMs for use in the analysis.

II. Analysis Components

- A. **Qualitative Assessment:** An initial qualitative assessment of the CRP was presented to the Council in June 1992, in the paper titled "Potential Elements Individual Fishing Quotas or License Limitation in the North Pacific Groundfish and Crab Fisheries." Since that time additional discussion papers have been presented. We anticipate weaving these together to form a qualitative assessment of the CRP alternatives. Several additional sections of the qualitative assessment are anticipated. It is estimated that the additional sections will require from 63 to 80 analyst days. The sections are outlined as follows:

05 DB

1. The use of retained catch versus reported catch for initial allocation. This report will also discuss estimates of actual removals using observer bycatch data, and will touch on some of the issues of "bundling" initial allocation to allow for unreported bycatch. A preliminary draft of this report will be presented at the December Council meeting. The final draft of this report will be available at the January Council Meeting. It is anticipated this will take an additional 5 days to complete.

05 MH

2. Economics/Dynamics of Open Access. A chapter on the economics and dynamics of open access fisheries will be included in the analysis. This will briefly touch on economic theory and will discuss the manifestations of the open access management as implemented in the North Pacific. This will be a lead in to the quantitative assessment of the status quo. Some of this is being developed in the documentation of the LP model. However, further development will have to take place. We anticipate this will take one week.
3. Economics/Dynamics of IFQs. Much of the earlier discussion paper focusses on the IFQ management regime, however further work on this IFQs in general will have to be done. In addition to the three to four weeks needed for the specific discussions shown below, we anticipate needing two weeks (up to six weeks altogether) to finalize the qualitative discussion.

15 MH

- a. Effects on Processors: The Council is concerned about the effects on processors of an allocation of harvest IFQs. The 2-pie allocation system is therefore an alternative the Council wishes to examine. Theoretical discussions of the effects on processors of either a harvester only IFQ or a 2-pie allocation are not readily available in the Economic literature. Therefore we anticipate devoting a considerable amount of time to this issue. The Council has received a paper on processor allocations from Dr. Scott Matulich of W.S.U. The SSC has been asked to conduct a review of this paper utilizing the SSC economists and other respected fishery economists. Additionally, a complete review of other pertinent literature will be undertaken. It is anticipated that assimilation into a qualitative assessment of the Matulich paper, the SSC review, and the literature review could take from up to three weeks to complete.

10 MH

- b. Skipper Shares: The Council has asked that an allocation of IFQs to skippers be studied as a alternative. Because little quantitative data is available with respect to skippers especially in the at-sea groundfish fisheries, it is anticipated that much of the skipper share analysis will be qualitative. It is anticipated that qualitative work on the skipper share alternative will take one week.

10 MH

4. Economics/Dynamics of License Limitation. The qualitative assessment of the license limitation presented in June was little more than a description of the possible alternatives. Quantitative assessment of the ramifications of the alternative license systems specified by the Council has not yet begun. There is an abundance of economic literature available on license limitation programs so it is not expected that much original work will need to be done. None-the-less the development of a quantitative assessment of the license programs as applied to the Council's alternatives will have to be undertaken. We anticipate this will take two weeks.
5. Economics/Dynamics of mixed regimes. The Council has specified several alternatives which can be called "mixed management regimes." Most of the economics and fishery management literature focuses on single management regimes, i.e. pure open access

management, or management under IFQs. Because the Council has specified several mixed regimes as alternatives to be analyzed, a quantitative assessment of the ramifications of such systems will have to be undertaken. Some of this work has been completed in the documentation of the LP model, but additional work must be done. It is anticipated that from three to four weeks will have to be devoted to this part of the analysis, depending on which regimes the Council wishes to examine. Currently the following mixed regimes are implied by the Council's list of major alternatives. Qualitative assessments for each will require from three to five days to develop:

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- a. Open Access and License Limitation
- b. Open Access and IFQs
- c. License Limitation and IFQs
- d. Open Access, IFQs and License Limitation.

05 MH

6. **CDQ Discussion.** The Council has also indicated that regardless of the management alternative, Community Development Quotas (CDQs) are to be analyzed. A qualitative discussion of the interactions of CDQ programs with the various regimes will be undertaken. Additionally, a qualitative assessment of different types of CDQ programs will be included. This will take at least 5 days to complete.

7. **Implementation, Management and Enforcement.** While this component of the analysis is not purely economic in nature, the implementation, management and enforcement of the different alternative regimes will effect way the fisheries are prosecuted and potentially effect the economic impacts. Additionally, all costs of implementation, management and enforcement throughout the life of the program must be factored into the net benefit assessment. We will need to have estimates of these costs by March 15, if they are to be added into the cost-benefit assessment. NMFS Enforcement is currently working on an enforcement plan for the various alternatives, although its expected completion date is unknown. Plans for the development of implementation and management proposal are also being considered.

B. **Quantitative Assessment:** The quantitative assessment may be divided into two parts: 1) the Assessment of the Status Quo, and 2) the Assessment of the Alternatives. Overall the assessment of the status quo is expected to require a minimum of 55 analyst days and perhaps up to 75 days. The assessment of the alternatives will depend on the number of alternative to be examined. It is estimated that alternative will require from 35 to 41 analyst days. It appears there are nine such alternatives under possible consideration. To study all nine would require from 315 to 369 analyst days.

1. **Description of the Status Quo.** There are two main components in this section: a description of the distribution and patterns of harvesting and processing over time, and an assessment of the economic and social impacts of the current fishery. This will represent part of the Base Case analysis against which alternative management systems will be compared. The different parts of the assessment are described below:

a. Describe current and historical distribution and patterns of harvesting and processing. This assessment will rely almost entirely on the ADB. The following level of detail is anticipated:

10 (10) DB/JM

(1) The distribution of total catch of each species broken down by year, FMP area, FMP sub-area, DAP/JVP, harvest vessel category, vessel homeport, and vessel owner's hometown. If possible we will examine the homeport

and vessel owner's hometown both at the time of the landing and as it is currently. Implied in this level of detail are separate tables showing various aggregations. In other words there could be a set of tables for each combination of the parameters specified above. It is anticipated that the programming necessary to produce the data to go into this set of tables will take from one to two weeks, assuming the ADB is complete. Compilation of the actual tables will take an additional one to two weeks.

10 (02) DB/JM

- (2) An examination of participation patterns of individual vessels in different fisheries. It is anticipated the tables will depict the numbers of vessels which have participated in various fisheries by the number of years in each. Given the large number of species, gears, and year under consideration, these tables will be presented at a high level of aggregation. It is anticipated that the necessary computer programming and data manipulation for this task will take from five to seven days. Compilation of the actual tables will involve an additional five days.

16 DB/JM/MH

- (3) Because CDQs, Processor Shares, and Skipper Shares are options under consideration, the participation of Western Alaska Communities, processors, and skippers must also be assessed in the base case. This will involve computer runs and compilation of tables depicting participation patterns. Fifteen analyst days will be required.

10 MH

- b. Assess net benefits (quasi-rents) for 1992. The LP model with the Representative Vessel / Processor Profile data will be used to estimate catch and processing distributions for 1992 and then assess quasi rents accruing to the open access fishery. This will serve as the Base Case against which all other alternatives will be compared. It should be noted that the LP model will show estimates of catch and processing distributions different to some degree from the distributional tables in (1) above. The difference will be a measure of the LP model's ability to predict catch and processing levels for various categories of vessels under the CRP alternatives. It is anticipated that this initial use of the LP model will require at least two weeks. It should be noted that "net-benefits" of the Base Case will include management and enforcement costs, and therefore completion will be contingent on the receipt of these reports.

10 MH

- c. Assess economic impacts at each level (local, AK, WA/OR, USA.). Once the Base Case estimation by the LP model of catch and processing distributions and quasi-rents is completed, the FEAM may be used to assess economic impacts. This initial use of the FEAM will require at least two weeks and will provide estimates of:

- (1) Direct employment
- (2) Direct income
- (3) Indirect Income
- (4) Induced Income
- (5) Total FTE impact

01 MH

- d. A check on the FEAM using the Economic Base Models will be used as applicable to assess Base Case community economic impacts. This initial use of the EBM is anticipated to take one day.

2. **Economic Analysis of Specific Alternatives.** For each of the Council's alternatives, described below, an assessment and comparison to the Base Case of the distribution of fishing rights, net benefits (quasi-rents) and economic impacts will be undertaken. Because of the nature of the models the assessment will be a stepwise procedure as follows, (the numbers in brackets [#] indicated the estimate of days needed: Step a., describe the alternative [1]. Step b., calculate the distribution of fishing rights [5]. Step c., estimate long-run distribution of rights and benefits [5]. Step d., estimate economic impacts [5]. Because each successive step cannot begin until its predecessor is completed we estimate that at least 16 analyst days will be needed for the assessment of each alternative. Detailed descriptions of each of the analytical steps are shown below.

1 MH a. **Description of the alternative including all sub-options.** This will actually be qualitative rather than quantitative but is placed here for clarity. The description is anticipated to take one day for each alternative, and will include all possible sub-options.

10 (02) DB/JM b. **Calculation and description of the allocation and distribution of rights (IFQs or Licenses).** This will produce a set of tables in the same format as the tables in the description of the status quo above. Each allocation scenario will be described in terms of the species and gear involved, recipients home town, and vessel class. Programming and manipulation of the ADB to produce the data for all possible allocation scenarios is expected to take one week per major alternative as described below. Compilation of the data into useable tables and a comparison to the base case for each allocation scenario is expected to take an additional five to seven days per alternative.

05 (02) MH c. **Assessment of Net Benefits (quasi-rents).** An assessment of the potential quasi-rents under the alternative will be completed using the LP model. As noted previously the LP model will not be used to assess the differences between allocation scenarios for a given alternative. Therefore only one of the possible allocation scenarios for each alternative will be assessed--we will qualitatively assess how different allocations will affect the results. Estimates will be made of both the short-run and long-run solutions, which will include forecasts of the distribution of catch and processing into vessel and processor categories. We would hope that the Council can indicate a single allocation scenario which can be consistently used for each alternative. It should be noted that "net-benefits" of each alternative will include management and enforcement costs, and therefore completion will be contingent on the receipt of these reports from NMFS. It is anticipated that the assessment of quasi-rents using the LP model will take five to seven days per alternative and will include a comparison to the Base Case.

05 (02) MH d. **Assessment of economic impacts using the FEAM and EBM and results from the LP model assessment of the distribution of long-run catch and processing will be undertaken.** It is estimated that for each alternative five to seven days will be needed to complete the assessment of impact and compare it to the base case.

C. **Possible alternatives:** The numbered alternatives shown below represent the major alternatives implied by the Council's September action. Because the analytical tools developed for use in the analysis are comprehensive in that they include all species vessels and processors in the comprehensive planning process, and more importantly because the management regime of one species affects the harvesting and processing effort for all

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

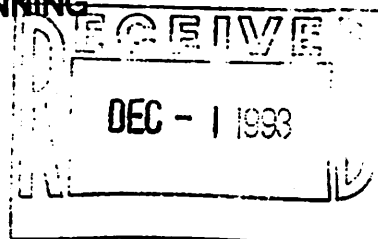
COMPREHENSIVE RATIONALIZATION PLANNING

Comments

of

THE COALITION FOR STABILITY IN MARINE FINANCING

December 1, 1993



1. Introduction

The Coalition for Stability in Marine Financing (the "Coalition") is an ad hoc group of creditors, lenders and fishing boat owners who rely on the creditworthiness of vessel assets and who are concerned about maintaining stability in the marine financing industry. The Coalition was formed in response to the Council's published list of options in connection with its consideration of crab and groundfish limited entry alternatives at the September Council meeting. See Council Newsletter #6-93 "Comprehensive Rationalization Planning" (October 15, 1993) (cited herein as "October Newsletter").

2. The Coalition's Concern

At the September Council meeting, the Council identified several different features of a proposed Individual Fishing Quota [IFQ] program for crab and groundfish. For purposes of analyzing each feature, the Council also proposed different options that should be considered.

With respect to the "Criteria for Initial Quota Share [QS] Qualification," the Council proposed an option that appears to be contrary to the Council's overall goals and would inadvertently create unforeseen and unintended results. Specifically, the Council's October Newsletter states that the Council decided at its September meeting that Initial QS "will be awarded to current vessel owners". However, the Newsletter then states that the term "current owner" is to be defined either retroactively as the owner of the vessel on June 24, 1992 (Option A) or the owner on the date that the QS is awarded (Option B). See October Newsletter, Attachment 1, p. 1.

Of these two choices, Option B is prospective and awards the QS to the owner at the time of the final Council action at some point in the future. It is the originally proposed implementation date and is the sound and logical choice. It should be adopted now.

The Coalition's principal concern is with Option A. Although it is the more recently suggested alternative it is certainly the more troublesome. It reaches back in time and retroactively awards the QS to the owner of the vessel on June 24, 1992, the most recent control date established by the Council. 58 Fed. Reg. 33798 (June 21, 1993). As is evidenced below, there is no strong argument as to why it should be selected and many reasons why it should not. It offers no advantage over Option B and instead creates uncertainty and instability for all aspects of the industry. It is this potential disruption of conventional marine financing that has prompted the formation of the Coalition and the submission of these comments.

The simple reason for this concern is the retroactive nature of Option A and what members believe to be the unforeseen consequences of its adoption. It could have the practical effect of unwittingly separating a vessel's fishing rights from the vessel itself. In its most striking application, the purchaser of a vessel after June 24, 1992 could end up in the following unenviable position: (1) paying market price for a boat fully qualified to engage in fishing operations, (2) operating the boat for two or three years, (3) finding out upon the date of adoption of the IFQ plan that fishing must stop because the "owner" of the fishing rights associated with the boat is the person from whom the boat was purchased years earlier, and (4) having to pay that "owner" a ransom price to get the rights back, or worse yet, having no ability to get the rights at any price because the "owner" no longer exists.

As is discussed in more detail below, the consequences are much more far reaching than simply disrupting those vessel sales that may have occurred since 1992. The ability to use any fishing vessel as collateral will be impaired until those doing business with the vessel can have reasonable assurance that the vessel's fishing rights will not be retroactively shifted to a previous owner. The mere fact that such a plan is under consideration is likely to have a profound chilling effect on the availability of trade credit for all fishing boat owners as well as for long-term financing. With declining product prices, shrinking demand and no increase in stocks, the uncertainty created by Option A could not come at a worse time in the industry. As the Council has properly recognized, its overall objective is "comprehensive rationalization planning" yet the instability and uncertainty created by the retroactive date of Option A is anything but that.

3. Option A appears to be contrary to the Council's goals and would inadvertently result in unforeseen and unintended adverse consequences.

At its September meeting the Council was clearly mindful of the procedural importance of considering alternatives as it identified at least two options for every major topic under consideration. With this opportunity for public comment, it is now time for the Council to narrow the options and finalize the elements of the IFQ proposals so as to begin the formal analysis. 58 Fed. Reg. 58843 (Nov. 4, 1993). We respectfully suggest that the Council can and should make its task easier by eliminating the Option A retroactive date from further consideration at this time.

One reason to choose Option B over Option A now is that the underlying rationale of Option A has recently been rejected in the course of the Council's deliberations on the basic ownership issue. Until September, most observers believed that the question with respect to initial QS qualification was whether the initial QS should be awarded to the current vessel owner or, instead, to the variety of people who have ever owned an interest in the vessel throughout its operating history. Because of the enormous complications inherent in retroactively attempting to unravel the many possible ownership changes and permutations of restructurings, dissolution of partnerships, deaths, divorces, foreclosures and other events that would complicate the ownership picture over the years, the Council dropped the idea. Instead the Council opted for the simpler and more practical approach of awarding the QS to the current owner. The very same issue is at stake here. The rationale that led the Council to reject reaching back in history in determining the QS in the first place is equally applicable with respect to the issue of when the QS ownership rights should actually attach to the owner.

4. **Since June 24, 1992 a variety of routine circumstances may have separated a fishing boat's rights to catch fish from the boat itself.**

There are a number of potential circumstances since June 24, 1992 that could result in a vessel that historically participated in a fishery under the Council's jurisdiction being prematurely separated from its QS rights. Consider, for example, the following:

- a. **Arms-length vessel sale**

Anyone is potentially at risk if he or she purchased a fishing boat after June 24, 1992 and either used a standard form purchase contract or did not otherwise think to include a provision in the contract seeking to capture fishing rights (attributable to the vessel) that might be awarded at some time in the future to whomever owned the vessel on June 24, 1992 (even though the current owner bought the boat well before the actual IFQ implementation date). Failure to account for such a possibility would certainly not be unusual, but could be a fatal omission if the end result were that the fishing rights associated with the vessel were lost.

Particularly vulnerable are those smaller operations involving one or two fishermen who may not be aware of the full implications of these fishery management developments or who did not consult experienced legal counsel who might have identified this issue in preparing a purchase contract. While most fishermen are very much aware of the highly publicized moratorium cut-off dates, few appear to be aware of the problem created by the proposed retroactive date in Option A. The Option A date was never even suggested as a QS ownership cut off date until some 15 months after it was first identified as a possible control date. And even now it is largely unrecognized as an issue in the industry. Boat owners certainly would have had very little way of predicting the adoption at some time in the future of a quota system that would reach back in time and award quota shares to past owners.

b. Intentional business restructuring

Given the recent economic, market and resource pressures on the fishing industry many boat owners have had to restructure the ownership arrangements for their vessel assets. This may have involved bringing in a new business partner, or separating from an existing one. Either way, if the restructuring occurred after June 24, 1992 the fishing rights could be with the old partnership and the vessel with the new one. Similarly, a corporate restructuring could have the same result if, for example, a new corporation were formed, even if the principal stockholders and officers and directors remained the same. To the extent that the parties did not address the transfer of yet-to-be-established quotas (or did not effectively transfer them) they could end up with the fishing rights held by one entity and the boat by another.

c. Unintentional business restructuring

A disruption of a vessel's "current ownership" as of June 24, 1992 could also occur unintentionally with the death of a business partner, or spouse in a community property state. A divorce could also trigger a change in ownership structure. Similarly, a small wholly-owned corporation whose corporate formalities had not been maintained could have inadvertently dissolved or otherwise ceased its formal existence. Unlike the circumstances above, however, in these cases there is not even the possibility of having the June 24, 1992 "owner" assign the fishing rights to the current boat owner because that 1992 owner would have ceased to exist as a legal entity and could no longer transfer the rights.

d. Bankruptcy and foreclosure sales

The most likely "unintentional" business risk involves those vessels that have not generated enough income to pay their debts, thus leading ultimately to foreclosure and sale of the vessel after June 24, 1992. For the unknowing buyer at such a marshall's sale, the boat may be purchased without any right to fish, but presumably at a price that reflects the potential income generating capability of a vessel with fishing rights. Moreover, there is some real question as to whether the court in a foreclosure situation would even have the ability to convey rights that had not yet come into existence.

As these examples illustrate, it is very possible that a number of fishing boats have already undergone, or will undergo, some kind of change in ownership between June 24, 1992 and whatever date an IFQ or similar limited entry plan is finally adopted. To the extent the retroactive date in Option A is part of that plan then there is a significant risk that the owners of some boats on the date of adoption will find that they own a vessel, but have no legal right to use it.

5. The potential separation of fishing rights from the fishing boat significantly impairs the creditworthiness of vessel assets.

It does not take a sophisticated creditor or lender to realize that a boat that can not fish is not worth a lot as security for supplies advanced or funds loaned to the vessel's owner. Once the mere potential for such a separation of the boat from its fishing rights becomes known in the financial community, suppliers and lenders will necessarily have to reevaluate their credit and loan decisions. In one way or another these suppliers and lenders have historically relied on the creditworthiness of the vessel in making their credit decisions. Once the collateral becomes worthless as a fishing vessel their credit analysis must change.

As a trade creditor, for example, the supplier of the vessel's fuel knows that ultimately he or she can attach a maritime lien to the vessel and use the threat of a vessel sale as the basis for getting paid. Whether or not the supplier ultimately will force the sale (which of course depends in large part on what other liens are on the vessel) is not often a critical part of the credit decision. If, however, the supplier knows that the very change in ownership inherent in a vessel foreclosure will leave the fishing rights with the debtor while the purchaser of the boat can not use the boat to fish, the supplier is much less likely to extend the credit. The supplier may well attempt to secure the fishing rights (if they are still available), and/or look for other collateral. More than likely, however, the supplier will simply not extend the credit and will instead require payment in advance.

Even more than the trade creditor, the long-term lender relies directly on the inherent value in the vessel in making a loan decision. Vessels that may not have fishing rights associated with them will simply not be able to be used as collateral for long-term loans, working capital lines, or any financing which relies on the value of the vessel as any part of the loan security. Loans may still be obtained, but lenders are sure to require additional security in the form of assets with demonstrable value, personal guarantees, third party guarantees, etc. And where personal assets are related to the income generating capability of the vessel, as they are likely to be in a small boat operation, then even the personal guarantee is worth less because it too is related to the ability of the boat to fish.

The very fact that the retroactive date in Option A is on the table and under consideration by the Council will have a profoundly chilling affect on marine financing not only for fishing industry vessels but for related operations as well. Shore-based processing plants, for example, could be hurt, particularly to the extent that they are carrying receivables from affected vessel owners. Their own ability to obtain credit could be impaired. Moreover, to the extent they rely on vessels for their supply of fish the shore plants will be subject to a credit re-examination by lenders and creditors who will want to be sure that whatever vessels are involved have their fishing rights intact.

6. Adoption of the Option A retroactive date is unfair and serves no legitimate public policy purpose or fisheries management objective.

The use of a retroactive date for purposes of assigning quota shares is most clearly unfair to those innocent purchasers who bought their fishing boats, either directly from the previous owners, or at a foreclosure sale, after June 24, 1992. These boat owners may have no realistic way of securing the fishing rights historically associated with their vessel. Those previous owners who inadvertently retained the rights may now extract an enormous "monopoly" price from the buyer who will simply have no other choice than to pay whatever is demanded. The public policy purpose here ought to be in preventing such "windfall" profits, not inviting them as Option A's retroactive date does. In fact, Option A may well violate the Magnuson Act's National Standard No. 4 which requires fisheries allocations to be "fair and equitable" to all fishermen. 16 U.S.C. 1851 (a)(4)(A).

The entire purpose of the Council's present effort is to undertake a more rational and comprehensive plan for the future of these fisheries. Such rationalization can not be achieved unless there is predictability and stability in the management process. Only then can logical choices be made. There is simply no public policy or fisheries management purpose served by creating instability in the industry. The Council's aim should instead be to remove instability. Deletion of the retroactive date in Option A is a good place to start. The Council has been sensitive to these concerns in other fisheries. For example, in the recent halibut/sablefish limited entry plan the Council took care to honor security agreements and made it clear that it sought to avoid disruption of existing financing arrangements. See Pacific halibut and sablefish final rule, 58 Fed. Reg. 59375 at 59407-8 (Nov. 9, 1993) (allows for exceptions from transfer restrictions where the QS or IFQ is "legally acquired . . . through security agreement or other operation of law".)

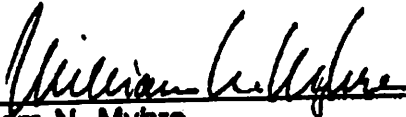
An additional public policy reason for selecting Option B instead of Option A, is that the U.S. government could end up footing some of the bill to the extent that adoption of Option A results in the loss of vessel asset values. The government could potentially be liable if the loss of value were determined to be a regulatory "taking" requiring compensation under the Fifth Amendment of the Constitution. Moreover, many vessels in the U.S. fishing fleet are financed under the National Marine Fisheries Service "Fishing Vessel Obligation Guarantee" program. To the extent these vessels have undergone a transfer since June 24, 1992, or to the extent that they will have before the final IFQ adoption date, then they could subject the U.S. government to exposure under the loan guarantee program. If the vessel's value dropped sharply and the vessel were sold for less than the outstanding mortgage, the government would be required to make up the difference under its loan guarantee.

7. Conclusion

The Council should select Option B and define "current ownership" to be current as of the date of final Council action on the groundfish and crab IFQ plan. This is the sound and rational choice and the one that is fair to all concerned. Option A, on the other hand, should be eliminated from further consideration now. There is no compelling reason why it should be selected and many reasons why it should not. It offers no advantage over Option B and instead creates problems for all aspects of the industry. The fact that Option A is even under discussion produces uncertainty for many and its adoption would be nothing less than a catastrophe for others.

The Coalition for Stability in Marine Financing respectfully requests that the Council avoid immediate uncertainty and disruption in the marine financing community and take a serious step toward rationalizing the planning process by eliminating Option A from further consideration at the December Council meeting.

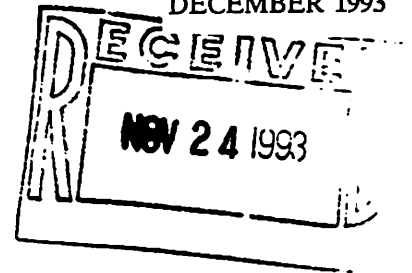
Respectfully submitted,

By 

William N. Myhre
PRESTON GATES ELLIS
& ROUVELAS MEEDS
1735 New York Avenue, N.W.
Suite 500
Washington, D.C. 20006
(202) 628-1700

Counsel for
THE COALITION FOR STABILITY
IN MARINE FINANCING

DECEMBER 1993



November 22, 1993

Mr. Richard Lauber, Chairman
 North Pacific Fishery Management Council
 P.O. Box 103136
 Anchorage, Alaska 99510

VIA FAX (907) 271-2817

Dear Mr. Lauber:

At the last several Council meetings S.E.A. has given testimony expressing our concerns over the limited access management methods which the Council is considering under the general heading of Comprehensive Rationalization. Our concerns have centered on the lack of recognition of Captains in any of the plans. In response to those concerns the Council directed staff to include allocations to Captains in their analysis. The Council also requested that S.E.A. submit proposals for both quota share and license limitation management methods in addition to criteria for Bona Fide Captain. These topics were taken up at the S.E.A. general membership meeting on 10/15/93.

The proposals and criteria that accompany this letter were developed at that meeting and subsequently refined by both our crab and groundfish steering committees. Final approval of the proposals and criteria was given by the Board of Directors.

To the extent possible S.E.A. has tried to stay within the general framework being looked at for vessels in the hope of streamlining the entire process. In the S.E.A. IFQ proposals for Captains, *Gear Specificity*, *Eligibility*, and *Qualification Periods* go in kind with vessels. The main points of departure are the percentages allocated to Captains and the distribution of those shares. The reason S.E.A. has included a range of percentage allocations is that not all fisheries allocations will necessarily fall at the same level.

The criteria for Bona Fide Captain relies heavily on the criteria set out by the USCG for licensed masters. The reason for this is to promote both the highest levels of safety and professionalism possible in our fisheries. We feel that adopting these criteria can only benefit those involved. Additionally, we have included requirements for fishing experience to demonstrate a history of involvement in, and a level of commitment to, these fisheries.

S.E.A. would like to thank the Council for giving their consideration and attention to these matters. If you have any comments or suggestions please contact us at the address or phone number listed below.

Sincerely,

Thomas M. Suryan
 Thomas M. Suryan
 President, S.E.A.



QUALIFYING CRITERIA FOR BONA FIDE CAPTAIN

- I Must be a U.S. Coast Guard licensed 1600 ton, or greater, fishing master.
- II Criteria for Bona Fide Captain is not gear specific.
- III Must have at least three documented landings per year for a minimum of four years.
- IV A year is defined as a calendar year. The landing requirement is for landings in the subject fishery in a given year.

Addendum:

Requirements for USCG 1600 Ton Fishing Master License

- I Sea time shall be at least 1440 days of which 360 days must have been as licensed master or mate while holding a license. If sea time is on vessels less than 200 gross tons on which masters are not required to be licensed the master must still have sailed under a mates license for 360 days of the required 1440.
- II Firefighting (basic and advanced).
- III Radar Training.
- IV First Aid and CPR certification.
- V Complete Physical including a drug test.
- VI Application.



LICENSE PROGRAM FOR CAPTAINS

- I Licenses are for Captains, not crewmen.**
- II At least one license holder must be present on board the vessel when fishing occurs.**
- III Licenses will be good for any fishing area.**
- IV Transferability:**
 - These licenses are saleable only to other qualified Captains; but leasable in case of emergencies, and for the purpose of training, to crewmen working toward the position of Captain.
- V Endorsement (options):**
 - i Licenses will be for any gear.
 - ii Licenses will be specie specific.
 - iii As with vessels.
- VI Eligibility criteria builds upon Bona Fide Captain criteria.**
 - i Coast guard licensing requirements for 1600 ton, or greater, fishing master.
 - ii Criteria for Bona Fide Captain is not gear specific.
 - iii Must have at least three documented landings per year for a minimum of four years.
 - iv A year is defined as a calendar year. The landing requirement is for landings in the subject fishery in a given year.
- VII Qualification period:**
 - i The time period shall be up until the publication of the regulations, and;
 - ii Must have participated as a Captain in the subject fishery for at least four years between 1989 and the time of publication.
- VIII No vessel size categories.**
- IX There will be specific criteria for those who are eligible to purchase or obtain Captain licenses:**
 - In order for a crewman to qualify for a license after publication of the regulations he/she must meet the aforementioned fishing history and possess a USCG Fishing Master License of 1600 tons or greater.
- X Qualified Captains under this Management Method will qualify for inclusion in all future Quota Share or alternative allocation methods.**



INDIVIDUAL FISHING QUOTAS FOR CAPTAINS

I Percentage to Captains:

A range of percentages from 3% to 15% should be analyzed (i.e. 3%, 5%, 10%, 15%).

II Gear specific:

As with vessels.

III Eligibility:

As with vessels.

IV Qualification period:

As with vessels.

V Distribution per Captain:

- i Shares based on landings. (i.e. personal catch history). For example, a Captain would receive X% of the Quota Share his catch history determines for a vessel.
- ii Shares based on participation as determined by time spent (expressed as a percentage) involved in a given fishery in a given year.

VI Transferability criteria:

Leaseable (if applicable) to anyone qualified to hold quota shares but saleable only to other qualified Captains.

VII Limits on ownership:

A cap on ownership for Captains' shares shall be equal to, but not exceed, that for vessels.

ALASKA MARINE CONSERVATION COUNCIL

Box 101145 Anchorage, Alaska 99510
(907) 277-5357 (kelp) 274-4145 (Fax)
December 1, 1993



North Pacific Fishery Management Council
Mr. Rick Lauber, Chairman
Box 103136
Anchorage, Alaska 99833

Re: Bycatch and Discard in Our Fisheries: The Harvest Priority Solution

Dear Mr. Lauber,

Last year more fish were discarded dead in our fisheries in the North Pacific than were landed by U.S. fishermen in the North Atlantic. Over half a billion pounds of dead or dying fish were dumped over the side in 1992 including 20 million pounds of halibut, a million pounds of herring, 20 million crab; and, this year over 360,000 salmon were intercepted in the trawl fisheries.

In the last few years suggestions have been made on how to deal with this problem including across the board implementation of ITQ's (Comprehensive Rationalization) and full retention of catch. While these proposals may reduce some levels of bycatch, enforcing them will be difficult, expensive and could result in legitimizing the harvesting of non-commercial and non-target species. Highgrading and night dumping will continue to be problems unless expensive enforcement measures are taken.

We respectfully ask that you evaluate another approach, one that rewards those fishermen who successfully minimize bycatch, waste and disruption to habitat by giving them the opportunity to fish earlier, longer or some other harvest priority allocation. Individually tailored to various fisheries, a harvest priority program could voluntarily lead to a rapid conversion to cleaner fishing. This economic incentive approach was used to Americanize our fisheries in the "80's" - it could be used again, this time to clean them up.

In addition to seeking the Council's consideration, we are also recommending that harvest priority language be incorporated into the Magnuson Act. As envisioned a harvest priority program would be designed for each fishery. The Council and fishermen in that fishery would negotiate reduced maximum bycatch rates that would then have to be achieved to qualify for additional fishing time; a reserved portion of the total allowable catch (TAC) or some other harvest preference incentive.

In order to qualify, fishermen would have to have full observer coverage to verify their harvest and bycatch levels. If any portion of the catch was not observed, it would be calculated at the fleet average effectively providing an incentive to make sure everything is

People throughout Alaska working to protect the health and diversity of our marine ecosystem.

- A program of the Alaska Conservation Foundation

seen. If a gear is shown to be inherently selective with a low bycatch rate, use of that gear would not require further observer coverage. If a lower rate was being purported by selective practices within a gear type, observer verification would be necessary. The Council would need to design an adequate harvest priority economic incentive so participants could cover observer expenses and generate significant bottom line profit.

In many fisheries full retention of target species will be inherent since the quickest way for fishermen to reduce their discard rate will be to fully utilize their entire target species catch.

The advantages of harvest priority as an economic incentive approach are numerous:

1. Harvest priority allocations will result in minimizing bycatch, waste and habitat disruption by rewarding those fishermen who can demonstrate cleaner fishing practices. Emphasis will be placed on not catching undesired species in the first place;

2. Efforts to reduce bycatch will be institutionalized because the 'best fishermen in each fishery will push for further reductions in bycatch because they know they can be more selective;

3. There is no inherent administrative cost to the program, no bureaucracy expansion and no enforcement costs above the current system;

4. This proposed system makes management changes that result in direct achievement of the goal of reducing waste of our public resources;

5. The reductions can be sequentially lowered in each particular fishery;

6. Confidentiality of data is not an issue since anyone wishing to qualify for harvest priority will volunteer their data and verification.

In conclusion, we are faced with declining populations and potential ESA listing of several marine species in the Bering Sea and Gulf of Alaska. Many of our livelihoods and subsistence cultures are at risk. We are seeking proactive solutions that both protect the environment and our communities. We ask you consider harvest priority as a realistic and ecologically responsible way to actually reduce bycatch.

Sincerely,



Nevette Bowen
Coordinator

ALASKA MARINE CONSERVATION COUNCIL

Box 101145 Anchorage, Alaska 99510
(907) 277-5357 (kelp) 274-4145 (Fax)

HARVEST PRIORITY: QUESTIONS AND ANSWERS

What is it? An economic incentive to reward those fishermen who successfully minimize bycatch, waste and disruption to habitat by giving them additional fishing time, a reserved portion of the total allowable catch(TAC) or some other harvest preference as determined by the Council.

Would harvest priority favor one gear over another? Bycatch rates vary among gear. We do not know what the lowest rates for most gears are now because there has not been a direct economic incentive to operate them in a selective manner. Some gears with current high bycatch rates may actually be capable of very low bycatch rates. We would anticipate a push within all fisheries to clean up the use of their fishing gear. Conversion to and development of more selective gear and techniques is a way some fishermen will reduce their bycatch rates.

Doesn't Comprehensive Rationalization involving Individual Fishing Quotas accomplish the same thing as Harvest Priority? IFQ's address the problem of fleet overcapitalization, but do not fully solve the conservation problems of bycatch, highgrading and habitat disruption in most fisheries. Possible bycatch reduction is governed by the economics within a particular fishery. If the product from a particular area can be value enhanced by such things as fresh market expansion, than IFQ's may spread the catch over a longer period of time and possibly result in more specific targeting of catch. If the product is frozen or further processed, fishermen will try to minimize cost by fishing quickly to allow their vessels harvesting opportunities in other fisheries. If size, color or other fact is increase value of one part of the catch, than IFQ's will stimulate high grading which increases the discard rate.

Harvest priority does not prevent the eventual implementation of other programs such as Comprehensive Rationalization. In order for Harvest Priority to lower bycatch, however, it must come first since the allocation of harvest inherent in IFQ's would preclude its use.

What about full utilization? If full utilization results in the bycatch being turned into fishmeal or oil, the ecosystem still suffers from the impact of the biomass extraction without knowing the effects. Many species have no fisheries management plans and harvesting them before knowing their ecology is inviting stock depletion or major composition shifts in the ocean food web.

Industry and management needs to concentrate efforts in not catching non-target marine life in the first place.

*
What about full retention? Again, from a conservation and enforcement point of view, it would be better to concentrate our efforts in not catching non-target species in the first place through the use of improved fishing practices as promoted under a harvest priority incentive.

If retained bycatch generates revenue to the vessel or covers the cost of handling, no reduction can be anticipated. Operational costs may be reduced since the whole catch could be dumped in the hold without sorting and dealt with by the processor at shoreside delivery. If bycatch fees, funds or fines become a revenue stream for the managing agency, agency resistance to reduction could be anticipated. No matter who is the beneficiary of the bycatch, a constituency for that bycatch will be created for continued access to that product. Full retention requires a high level of enforcement on every vessel to prevent many practices such as night dumping and highgrading.

Who benefits from the Harvest Priority system? Fishermen who can minimize catch of non-target species; Agencies who can achieve the goal without high cost or additional staff; subsistence users who rely on bycatch for food and culture; recreational and commercial fishermen; Marine predators dependent on the ocean food chain; Fishermen in other fisheries that have occasional interaction with or take of marine mammals and birds threatened by ESA fishery shutdowns.

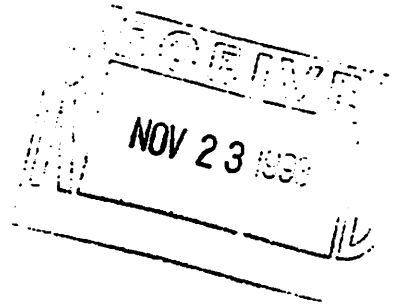
Won't this system fail because the observer data is not scientific enough to stand up in court as with previous vessel incentive programs? Previous programs were enforcement actions for violations of regulation caps. As a fishery management measure, a harvest priority program is not punishing offenders but rather rewarding those who choose to participate using the best available data as required by the Magnuson Act. In this case, federal observer program data would be the "best available" to participants in this voluntary program.

Variability among observer data has been a concern. The Council can make allowance for some variance since the downward pressure on bycatch rates, not a fixed number, is the goal. For example: The yellowfin sole fishery has an average discard rate of 38%. If it was determined that 8% was the qualifying bycatch rate, a 20% variability could be built into so that any rate under 10% would qualify. Bycatch would still be reduced bycatch about 400% below current practice. Data variability should decrease with 24 hour observer coverage on each qualifying vessel.

What about CDQ programs? How would harvest priority effect them? A CDQ program can coexist with the harvest priority system by reserving a fixed portion of the TAC to coastal communities as currently takes place with Bering Sea pollock. We encourage the use of bycatch and discard reduction in CDQ fisheries as a criterion for awarding CDQ allocations among applicants. Since CDQ's are proportioned yearly, harvest priority for selective fishing could actively work to reduce bycatch in this program as well as in the general commercial fishery.

November 18, 1993

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510



RE: Comprehensive Rationization Plan

Dear Mr. Lauber;

As a member of S.E.A. , I am writing to you with regard to including Skippers in any future limited access or quota share plan to be established. Having fished in the North Pacific and Bering Sea for the last twenty-two years, (fifteen as a Captain), I feel I have a good perspective of what it takes to establish a catch history. It's very obvious that operators are direct contributors to those catch records, making the rationale for allocating operator shares quite sound.

I would like to make two key points for justification of allocating operator shares, and why it makes good sense. First and most important in my opinion, is the operator who has a stake in the fishery they are involved in, would obviously have a newfound concerned responsibility towards the fishery and it's future. What better person to allocate that to than the person in the driver's seat? It is of my opinion, that this newfound responsibility would dictate new and cleaner fishing practices. Helping safeguard the future of the fisheries we are now part of.

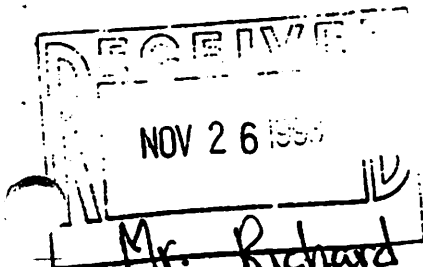
Secondly, I would like to touch on the transferability of operator shares. If operator shares were only transferable among operators and future operators, we would be insuring at least part of the industry from corporate buyout. This would insure future generation participation. By having operator shares obtainable for future operators, fishery managers will be insured a better attitude towards the fishery they are involved in. Take that away and we've lost alot.

These are only two strong points I've made, there are obviously many more. Hopefully you will take the time to recognize them, they are very easy for me to see being involved in the fishery on a day to day basis.

Once again I look forward to working with you to develop a plan for the fisheries of the North Pacific that is rational, justifiable, and equitable for all of us involved.

Sincerely Yours,

Walt Christensen, Captain
F/V Arctic Mariner



F/V Pacific Mariner
P.O. Box 275
Alaska Seafoods
Unalaska Ak.
99685

cc: cw

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
Nov. 18 1993

R.E Comprehensive Rationalization Plan for the Bering Sea

Dear Mr. Lauber

In 1978 my commercial fishing career began as a deckhand, then to engineer, and in 1984 obtained a 500 gross ton mates license. In 1985 I became operator of the vessel and have since upgraded my license to 1600 gross ton Master. During the last eight years my responsibility has included maintenance and seaworthiness of the vessel, safety of the crew along with the purchase of permits to catch and land our target species.

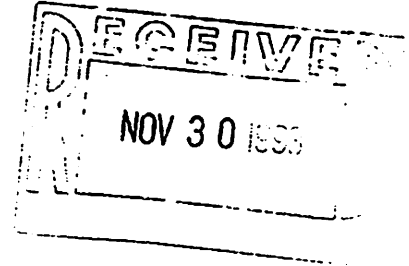
I hope to remain an integral part of this fishery and am an active member of Skippers for Equitable Access. I feel my sacrifices, knowledge and concern for the future of the crab fishery should be taken into consideration with the development of either license limitations or IFQ's. I am afraid an allocation strictly to vessel owners would lead to consolidation of allocations to be "farmed" by the cheapest means possible.

I am unable to attend the Dec. council meeting due to responsibility to vessel, crew and a need to support my wife and four small children with another safe and successful season.

Thank-you for your attention.

Sincerely,
Roy Layd
Master F/V Pacific Mariner

Barbara Hanson
Rt 2 Box 253a
Raymond, Wa 98577
November 29, 1993



Mr. Rick Lauber
Chairman N.P.F.M.C.
P.O. Box 103136
Anchorage, Alaska 99510

Dear Council Members,

My name is Barbara Hanson. I am the wife of Daniel Hanson, captain of the F/T Arctic Storm. He is one of two alternating captains on the vessel.

I am writing in regards to the Comprehensive Rationalization Plan that is now being discussed. My husband has fished in the Bering Sea for the last eighteen years, thirteen of which he has fished for pollock. We have four children from 20 months old to 15 years old, all of whom have had their Dad gone for a good part of their lives. He has always worked very hard to provide a good living for us. This is not an easy life. He is gone an average of eight months a year. Not only does he have to worry about the welfare of his family while he is away but he also is responsible for the boat, the safety and welfare of each crew member and on top of that, the catch. His catch record determines everyone's wages, including the owners and the crew members. It is an incredibly stressful job and takes a very qualified person to fill this position.

The current plan is to give the owners of the vessels all of the quota. I believe this is very unfair to the Captains/Operators who have invested years of their time, hard work, and skills along with many hardships, as many of us have lost family and dear friends to this industry. The Captains obviously do not take their jobs lightly. They have worked hard to obtain their Captains licenses which also require fire training and safety classes. They have purchased their own fishing licenses and have caught all of the fish that is to make up the IFQ's.

If these quotas are to go only to the boat owners and investors, many of whom have never spent a day at sea, it will eventually put these captains out of business because their expertise will not be necessary. That in turn puts our family and our livelihoods at risk, which is why I feel I must speak up.

My husband has worked very hard to make a good name for himself and for the company he works for. Without his qualifications they would not have the catch record that will be used to determine the IFQ's. The owners and investors don't stand to lose much by including the Captains/Operators in this quota, as they are only asking for their fair share. We on the other hand have everything to lose.

My hope is that you will consider our livelihoods and the people who have dedicated years of hard work and great skill to develop the industries and make them what they are today. Please remember that the owners are using my husbands and the

other Captains catch records to determine their IFQ's.

Thank you for taking the time to read a letter from a concerned wife and mother.

Sincerely,
Barbara Hanson

Barbara Hanson

KIM KVINGE
2321 WINDJAMMER CT NW.
OLYMPIA WA. 98502

NOV 30 1993

November 22, 1993

Mr. Rick Lauber
Chairman N.P.F.M.C
P.O. Box 103136
Anchorage, Alaska 99510

Dear Council Members,

I am writing you as the wife of a commercial crab fisherman. My husband, Jorn Kvinge is currently the operator on the crab boat the Arctic Sea. Jorn has fished crab for nearly 20 years and has been a skipper/operator for 14 years. He has a high catch record and has fished crab exclusively. I feel that it is imperative that you consider the skippers of the boats to be affected by your current decisions regarding the crab fleet. We are a group not easily united. Fishermen by nature are hard, independent and solitary workers and time at sea makes it logistically difficult to be seen as a group. We will definitely be affected by the allocations imposed. I am not a writer but I feel it's crucial that you hear about us and include us because as I see it my family's livelihood is at risk.

As the operator of a crab boat (you know, with your various involvements in this industry) Jorn is responsible for the boat, safety of the crew, and catch. Catch determining the wage of crewman, the owners and himself. Every minute on the boat he is making decisions to insure the safety of his boat, the safety of his crew. He makes the decisions that result in the size of the catch determining the income for all these people. This amounts to incredible pressure. We endure long separations- 6 to 12 week in duration. He has missed all but 2 of his son's 8 birthdays including his 1st, all but 1 of his daughter's 4 birthdays. He has missed many, many anniversaries etc. I remind you also of the danger involved in this occupation. We all knew personally fellow fishermen whose names now grace memorials like the one at Fisherman's Wharf in Seattle. While he's away communication is difficult and costly. When he arrives home he always looks a little older. This is not an easy lifestyle. If there was an alternative way for us to make a living we would be doing it! So, in all these years of operating crab boats he has been solely responsible for catch (Consequently those boat owners have had damn good earnings) and he has also been the permit holder.

What I'm afraid of is that the power to control the resource will be given to the boat owners. What I'm afraid of is that allocations will be distributed in such a way that my husband's expertise will not be necessary. If a boat can only catch the individual fishing quota maybe a skilled skipper will not be necessary to catch that IFQ. His job could become competitive with regard to pay. His job of skipper and operator could lose its value. This is how, if we are not included in allocations our livelihood is threatened. The skipper's name is on the fish ticket. The permit is in his name. This

fishery unlike other fisheries controlled in this way, is seldom owner operated. More often the owner is an investor with little or no involvement in the fishery. Please don't give the control of the fishery to investors. The people who participate in the fishery can not be excluded from the allocations. If you determine to limit licensing, shouldn't the license be in the name of the person doing the fishing, the participants in the fishery? The permit has always been purchased by him and in his name.

The boat owners don't stand to lose by your including skippers/operators in these allocations unless their expectation is a windfall, the skippers/operators do. Many of the boat owners have already made huge amounts of \$ in this, so far extremely competitive fishery, thanks to the skill of their skippers. With that money they are able to hire professional people to help them protect their interest with regard to your decision. We can't.

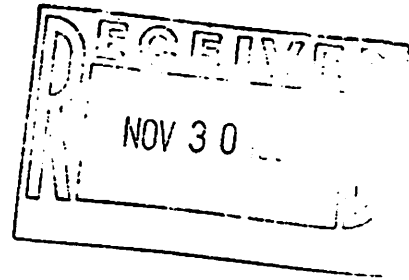
In the crab fishery it is the men involved, the fishermen who deserve the allocations or license. They are the ones who handle the resource. We have to trust you to protect our position in this fishery, to protect our livelihood. Please, please hear us.

Sincerely,

Kim Kvinge

November 29th 1993

Mr. Rick Lauber
 Chairman NPPMC
 PO Box 103136
 Anchorage, Alaska 99510



Dear Mr. Lauber and members of the council,

I married into the fishing industry over 13 years ago. Since then I have lived the ups and downs of commercial fishing, while managing a household and raising three children. I believe I have something to say in regards to a groundfish plan which may directly affect my family and our future in the industry.

My husband began fishing in the mid 70's, his career changed with the development of different fisheries. After fishing crab for several years he moved to the joint venture fishery for pollack, helping to develop and enhance the gear and techniques which are still used in the pollack industry today. In early 1985 he moved to what was one of the first American operated factory trawlers in Alaska, he has since then dedicated himself to learning species habitat and developing the technology for harvesting and production of most all groundfish in the Gulf, Bering Sea and Aleutian Island in Alaska. He now operates one of the most successful factory trawlers for the largest fishing co. in America. This is not an accident, it is the result of much hard work, education and personal sacrifice by both of us.

If I understand your comprehensive and rationalization agenda, you have several options to consider for the privatization of a natural resource. One option is to provide IFQ's or licensing arrangements to the vessel owners only. A second option would be to include the hundreds of men, like my husband, who have made the commitment to the fishing industry, a percentage of that resource.

As an American citizen, I would be appalled to find out that one of our natural resources as vast as this was given solely to a small group of corporate investors and foreign interests without regard to a much broader diverse group of individuals who have risked their lives to develop this resource. As a wife and mother solely dependant on the fishing industry and my husbands ability to earn a living in it, I feel very threatened by a future where possible disregard for the competency level of captains, necessary to harvest groundfish in a non-Olympic system, would lead to lowered compensation for the entire crew with increased profits for the owners.

Many of the issues which you as a council face now, and most certainly in the future, such as, bycatch, gear restriction (modification), marine mammal interaction,

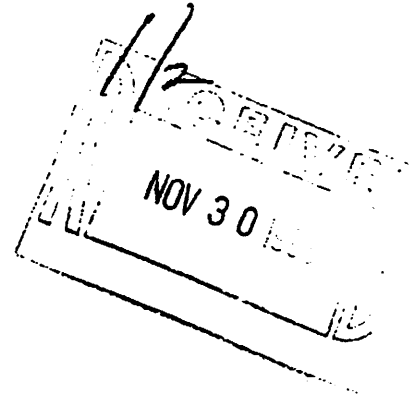
ocean garbage, and other conservation issues are the direct responsibility of the captains of these vessels. The owners have very little influence as to how fish are caught, handled, utilized, and discarded. The owners number one priority is that production is maximized for profit, not the issues of the best way to accomplish this to preserve the fisheries for the future.

As you look down the road 20 years or more, how could you justify a system that did not include a vested interest for the individuals who interact first hand with an ever changing and unpredictable ecosystem such as the ocean.

As we all know the farmer who owns his land cultivates with integrity and vision as compared to the migrant worker who shows up only to pick the product for a paycheck.

I believe that if you include the fisherman in a comprehensive plan you will do much to win the public approval, and to hold, or most likely improve the integrity level of fish handling , safety and conservation.

Very truly yours,
Cheryl Hezel



To: Rick Lauber
 Fm: Jay Cox
 Re: Allocation of IFQs to Captains of Record

11/29/93

Dear Mr. Lauber,

I wanted to take the time to present to you my viewpoint regarding the potential allocation of fishing quota and rights to the captains who have been involved in and have relied upon the Alaska fishery for their livings over the past several years. I thank you for taking the time to consider the following.

I think we all agree that it is fundamentally troublesome to allocate a national resource to a relatively small group of people. However, given the state of the fishery in Alaska, it is likely that the only way to give fishing companies and vessel operators the ability to maximize the return on their harvest is to manage the fishery through an ITQ scheme of some sort. This would allow vessels to produce the maximum value products from a given pound of fish without the pressure to produce product, largely regardless of value, during a brief "open" fishing season.

If this is the future of Alaska's fishery management, the captains who have dedicated their time and effort to the fishery and continually made personal sacrifices and risked their lives to make a living in this difficult profession deserve whatever protection available. This will ensure their continued ability to harvest and make a good living from this resource. The over-capitalization of the Alaskan fishery is not the fault of the Captains, the blame lies with the U.S. Government, the fishing companies who have overbuilt the harvesting capacity, and the International banking community which has poured money into this industry at the expense of us, the professional fishermen who are now in jeopardy of losing our livelihoods. Indeed, most of us are now in a position of being able to fish only a few months a year and have had to seek work outside our chosen profession to supplement our income. Management thus far has been irresponsible in allowing our fishery to degrade to its current state and I feel that it would be extremely irresponsible to put the men and women that rely on these fish at the mercy of a few large American and foreign corporations, given that their lever in dealing with us would be a national resource belonging to all Americans.

Please realize the importance of your judgement on all captains and the fishing industry.

I appreciate your time spent reading my letter. I hope you will consider my opinion when making decisions regarding the future of our fishery.

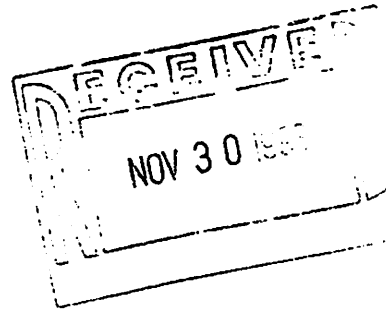
Sincerely,

Jay Cox
 9656 34th Pl. NE
 Bellevue, WA 98004

(206)462-4726
 (206)228-9510 FAX

November 27, 1993

Mr. Rick Lauber
Chairman N.P.F.M.C.
P.O. Box 103136
Anchorage, Alaska 99510



Dear Council Members,

I am writing to you to express my concern over the Comprehensive Rationalization Plan for crab and ground fish. My name is Jorn Kvinge. I've been fishing in the Bering Sea for 20 years and skipper for 14 years. I've been through good years and bad years. I've seen the boats come and go, the resource rise and fall. I've worked my way through the ranks from the deck, to the engine room and finally the pilot house. I was a owner for 4 years and have been waiting to buy a boat again.

Capital investment in a boat does not make a fishing operation a success. It takes a qualified experienced skipper to manage and operate a fishing vessel. To exclude skippers from the management plan, when they are a vital part of the operation is totally wrong. I have put time and effort into this fishery and will not allow it to be given to an investor who has not stepped foot on a fishing vessel. I am a licensed master and have a strong catch history which belongs to me.

I am a member of S.E.A. and support their effort to keep the fishery with the people who do the actual fishing. The investors do not own the resource and have less claim on it than we do.

Sincerely, Jorn Kvinge

NPFMC Members:

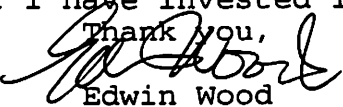
This testimony is given concerning the allocation of Individual Fishing Quotas to operators of vessels that have fished in the NPFMC management areas. It is necessary for the Council to provide some means (IFQ's) for the fishermen that pioneered and developed these fisheries to still have access to them.

It is apparent that the fisheries of the North Pacific need a strong management tool such as IFQ's, but the difficult part is to determine how the resource "pie" shall be cut. What criteria should the council use to decide who has a right to ownership of a resource? Please consider some of the following points when you vote on operator access to IFQ's:

- 1) Masters of vessels, whether they hold licenses or not, hold total responsibility for the operation of a vessel, it's crew, and the fishing record of that vessel. Each time a vessel departs for a trip, in essence, the owner has entrusted his vessel and income to the master. This, along with the fact that crew members trust their lives with the operators, shows that operators have been a very responsible group. Mandatory USCG licensing of all operators involved in the fishery would assure the council that all are qualified.
- 2) Each operator is in the closest position to protect or harm the resource. It is the operator that has the responsibility to follow management guidelines and closures. The advent of operators with a vested interest in the fishery would help protect the resource. This point has been demonstrated by the actions of foreign fish masters who have exploited the fishery without any regard for the resource. Their goal was short term gain because they had no stake in the preservation of the fishery. Also, the best data a biologist can get is from those that operate in the fishery day after day.
- 3) Operators of vessels are the ones most likely to "live or die" by the state of the fisheries. Most have spent many years in their "climb" to the wheel house. This time invested has meant time away from family, friends, and loved ones. That time committed to the fishery is a tangible asset that has been invested with the intent of long term benefit.

The task of equitably dividing the resource of the North Pacific is going to be a challenging task for the council. Please consider the time and effort that fishermen put into developing the fishery, the same fishery that we might have no say in if we are not provided with some share of the resource. I am not disputing the rights of the owners, rather I am just asking that you consider the 12 years that I have invested in the fishery.

Thank you,


Edwin Wood

106 N. 117th St Seattle, Wa. 98133

United Fishermen's Marketing Association, Inc.

Box 1035, Kodiak, AK 99615
Phone: 907-486-3453; Fax: 907-486-8362

December 9, 1993

Mr. Richard Lauber
North Pacific Fishery Management Council
Anchorage, AK

RE: VESSEL LICENSING FOR THE CRAB FISHERIES IN THE BERING SEA /ALEUTIAN ISLANDS.

Dear Mr. Lauber,

As you know, UFMA submitted a proposal to the Council in June, 1993, regarding a vessel license limitation program for the crab fisheries of the Bering Sea/Aleutian Islands. As part of that vessel license program, we suggested the issuance of only one vessel license that would permit the harvest of all king crab and all tanner crab in all Regulatory Areas. After much discussion with crab fishermen regarding this issue, we determined that the single vessel license approach was preferable to a multiple vessel license program; such multiple vessel license program that would issue several vessel licenses, each license that would apply to a separate and distinct crab species and Regulatory Area. We believe that a single vessel license approach attains significant objectives with regard to the reduction of fleet size and harvesting effort in a relatively easy, uncomplicated and straightforward manner, especially when compared to the complexities of a multiple vessel license approach.

While we still believe that the single vessel license approach is the most preferable, we would like to offer some alternatives to the Council if it appears that the Council is inclined to seriously investigate the option of a multiple vessel license program. As you remember, during the Council meeting of September, 1993, the Council asked Council staff to develop some of the considerations that apply to a multiple vessel license approach. The Council approached the multiple vessel license issue through the application of "endorsements" that would apply to a crab vessel license. If the Council determines that the need exists to further investigate the "endorsements"/multiple vessel license approach, we suggest the following options for the issuance of "groupings" of crab species and Regulatory Areas relative to a vessel license:

A. KING CRAB MULTIPLE VESSEL LICENSE OPTIONS (in order of preference)

(O, Dutch Harbor; R, Adak; I, Bristol Bay; Q, Bering Sea).

1. One license:

- a. one license that includes four Areas (O, R, T, Q).

2. Two licenses:

- a. one license that includes three Areas (O, T, Q);
b. one license that includes one Area (R).

3. Three licenses:

- a. one license that includes two Areas (O, T);
b. one license that includes one Area (Q);
c. one license that includes one Area (R).

4. Four licenses:

- a. one license that includes two Areas (O, T);
- b. one license that includes one District and two Sections (Q1, Q2, Q4);
- c. one license that includes one Section (Q3);
- d. one license that includes one Area (R).

B. TANNER CRAB MULTIPLE VESSEL LICENSE OPTIONS (in order of preference)

(J4, Eastern Aleutians District; J5, Western Aleutians District; J6, Western Subdistrict of the Bering Sea District; J7, Eastern Subdistrict of the Bering Sea District; J8, Norton Sound Section of the Eastern Subdistrict of the Bering Sea District)

1. One license:

- a. one license that includes two Districts, two Subdistricts and one Section (J4, J5, J6, J7, J8);

2. Three Licenses:

- a. one license that includes two Districts (J4, J5);
- b. one license that includes one Section (J8);
- c. one license that includes two Subdistricts (J6, J7).

We have attached two descriptive maps that will hopefully assist the Council in visualizing the "groupings" option that we propose for consideration if the Council determines to proceed further with the "endorsements"/multiple vessel license approach. We wish to reiterate that UFMA originally suggested, and still prefers, the issuance of only one vessel license that would permit the harvest of all king crab and all tanner crab in all regulatory Areas. We believe that these "groupings" would not only permit the conduct of a crab harvesting operation in a reasonable manner, but would also allow for necessary diversification and flexibility in addressing stock fluctuations that occur over time in crab populations, crab species and Regulatory Areas.

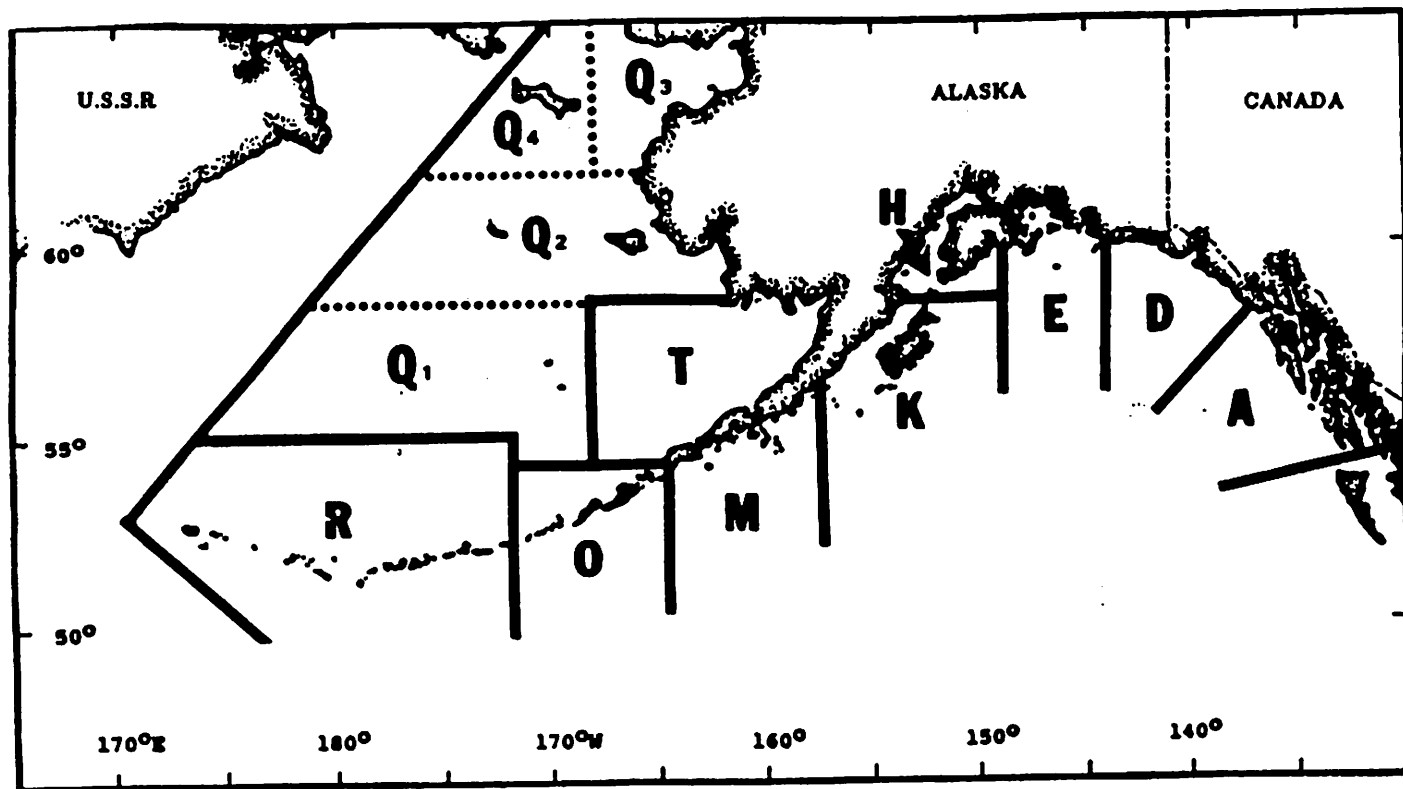
Thank you for your consideration of our ideas regarding this matter.

Sincerely,



Jeffrey R. Stephan

KING CRAB AREAS



KING CRAB REGULATIONS SUMMARY KEY

**Q3: BERING SEA AREA
NORTHERN DISTRICT
NORTON SOUND SECTION**
Reg: Superexclusive
Pot Limit:
50 - Vessels over 125 feet
40 - Vessels 125 feet or less
Dates: Red & Blue - July 1
& November 15
Brown - By Permit
Size: Red - 4.75
Blue - 5.5 inches

**Q4: BERING SEA AREA
NORTHERN DISTRICT
ST. LAWRENCE SECTION**
Reg: Nonexclusive
Pot Limit:
50 - Vessels over 125 feet
40 - Vessels 125 feet or less
Dates:
Red & Blue July 1 &
November 15
Size: Brown - By Permit
Red - 4.75 inches
Blue - 5.5 inches

**Q2: BERING SEA AREA
NORTHERN DISTRICT
ST. MATTHEW SECTION**
Reg: Nonexclusive
Pot Limit:
75 - Vessels over 125 feet
60 - Vessels 125 feet or less
Dates:
Red & Blue - September 15
Brown - By Permit
Size: Red - 4.75 inches
Blue & Brown - 5.5 inches

**Q1: BERING SEA AREA
PRIBILOF DISTRICT**
Reg: Nonexclusive
Pot Limit:
50 - Vessels over 125 feet
40 - Vessels 125 feet or less
Dates:
Red & Blue - September 15
Brown - By Permit
Size: Red & Blue - 6.5 inches
Brown - 5.5 inches

R: ADAK
Reg: Nonexclusive
Pot Limit: No Pot Limit
Dates:
Red & Brown November 1
Size: Red & Blue - 6.5 inches
Brown - 6 inches

O: DUTCH HARBOR
Reg: Exclusive - Red & Blue
Nonexclusive - Brown
Pot Limit: No Pot Limit
Dates:
Red & Blue - November 1
Brown - September 1
Size: Red & Blue - 6.5 inches
Brown - 6 inches

T: BRISTOL BAY
Reg: Exclusive
Pot Limit:
250 - Vessels over 125 feet
200 - Vessels 125 feet or
less
Dates:
Red & Blue November 1
Brown - By Permit
Size: Red & Blue - 6.5 inches
Brown - 5.5 inches

M: ALASKA PENINSULA
Reg: Superexclusive
Pot Limit: 40 or 75 Depend-
ing on GHL
Dates:
Red & Blue - September 25
Brown - By Permit
Size: All Species - 6.5 inches

K: KODIAK
Reg: Exclusive - Red & Blue
Nonexclusive - Brown
Pot Limit: 25, 50, or 75
Depending on GHL
Dates:
Red & Blue - September 25
Brown - By Permit
Size: Red & Blue 7 inches
Brown - 6.5 inches

H: COOK INLET
Reg: Superexclusive
Pot Limit: 40 or 75 Depend-
ing on GHL
Dates: Red & Blue - August 1
Brown - By permit during
spring Tanner Crab Season
Size: All species - 7 inches

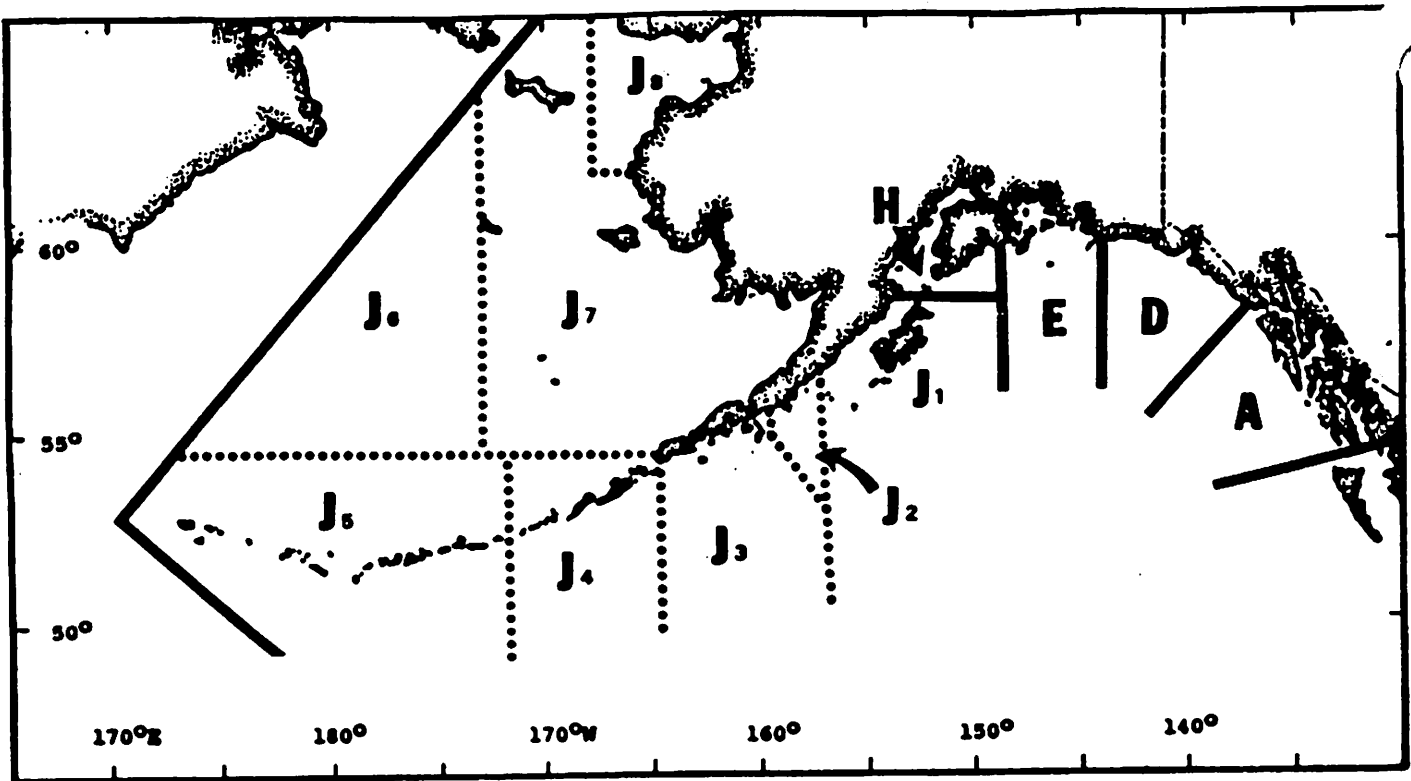
**E: PRINCE WILLIAM
SOUND**
Reg: Superexclusive
Pot Limit: None
Dates:
October 1 & January 15
Size: Red & Brown - 7 inches
Blue - 5.9 inches

D: YAKUTAT
Reg: Exclusive
Pot Limit:
100 in Yakutat Bay
Dates:
Red & Blue - November 15
Brown - Emergency Order
Size: Red & Brown - 7 inches
Blue - 6.5 inches

A: SOUTHEASTERN
Reg: Exclusive
Pot Limits: 20 or 100
Depending on GHL
Dates: Red - November 1
Brown - February 15
Blue - Incidental to Red,
Brown & Tanner
Size: Red & Brown - 7 inches
Blue - 6.5 inches

KEY:
Registration Reg: Opening Dates Dates:
Guideline Harvest Level ...GHL Minimum Legal Size Size:

TANNER CRAB AREAS



TANNER CRAB SEASON REGULATIONS SUMMARY

J8: BERING SEA DISTRICT EASTERN SUBDISTRICT NORTON SOUND SECTION
 Reg: No open season

J7: BERING SEA DISTRICT EASTERN SUBDISTRICT
 Reg: Nonexclusive

Pot Limit:
 250, for Vessels over 125 feet
 200 for Vessels 125 or less
 Dates: *C. bairdi* - East of 168° W. long., Concurrent With Area T. Red King Crab Season and reopen again 10 days after Area T king crab season between 163° and 173° W. long.

If no Area T king crab season, open between 163° and 173° W. long. on November 1.

C. opilio - January 15
 Size: *C. bairdi* - 5.5 inches
C. opilio - 3.1 inches

J6: BERING SEA DISTRICT WESTERN SUBDISTRICT
 Reg: Nonexclusive
 Pot Limit:
 250, for Vessels over 125 feet
 200 for Vessels 125 or less
 Dates: *C. bairdi* - January 15
C. opilio - January 15
 Size: *C. bairdi* - 5.5 inches
C. opilio - 3.1 inches

J5: WESTERN ALEUTIANS
 Reg: Nonexclusive
 Pot Limit: None
 Dates: November 1
 Size: *C. bairdi* - 5.5 inches

J4: EASTERN ALEUTIANS
 Reg: Nonexclusive
 Pot Limit: None
 Dates: January 15
 Size: *C. bairdi* - 5.5 inches

J3: SOUTH PENINSULA
 Reg: Nonexclusive
 Pot Limit:
 40 or 75 Depending on GHL
 Dates: January 15
 Size: *C. bairdi* - 5.5 inches

J2: CHIGNIK
 Reg: Nonexclusive
 Limit:
 40 or 75 Depending on GHL
 Date: January 15
 Size: *C. bairdi* - 5.5 inches

J1: KODIAK
 Reg: Nonexclusive
 Pot Limit: 75
 Dates: January 15
 Size: *C. bairdi* - 5.5 inches

H: COOK INLET
 Reg: Superexclusive
 Pot Limit: 40 or 75 depending on GHL in Southern District
 Dates: January 15
 Size: 5.5 inches

E: PRINCE WILLIAM SOUND
 Reg: Superexclusive
 Pot Limit: 100 or 175 Depending on Area
 Dates: January 15
 Size: 5.3 inches

D: YAKUTAT
 Reg: Nonexclusive
 Pot Limit: 100 in Yakutat Bay
 Dates: January 15
 Size: 5.5 inches

A: SOUTHEASTERN
 Reg: Superexclusive
 Pot Limit: 100 Pot Limit in Inside Waters
 Dates: February 15
 Size: 5.5 inches

KEY:
 Registration Reg: Opening Dates Dates:
 Guideline Harvest Level . GHL Minimum Legal Size Size:

INDEPENDENT FISHERMEN FOR FAIR QUOTAS



2242 N. W. Market # 349 Seattle, Washington 98107
 Phone (206) 782-0770 Fax (206) 391-8105

Statement to the December Council Meeting

In June IFFFQ together with AFTA, AHSFA, AIF and others presented a brief document to the council listing ten points we felt were essential to developing a Rational management system for crab and groundfish in the North Pacific.

At the September meeting we urged the council to narrow rather than broaden the options for analysis. The industry is in a state of deepening crisis, and progress toward Comprehensive rationalization is urgent. In order to make that progress staff must be able to focus on a reasonably narrow range of alternatives.

- A. We wish to reiterate our support for these ten points as the basis for providing the necessary focus. (attached) (NOT ATTACHED)
- B. We believe a range between a simple 1:1 (JV/DAP) and 3.5:1 (as proposed by AFTA), for catch histories from 1976 through June of 1992, is a sufficiently broad range of allocation formulas for further analysis.
- C. We believe the process of Americanization is not yet complete, and as such we continue to urge that American content/ownership be a consideration in the analysis of alternatives.
- D. We do not think a piecemeal approach to Rationalization is appropriate. The plan should cover crab and all groundfish species. To do otherwise only makes the fisheries left out of the ITQ management into a dumping ground for more capital and a more frenzied derby.
- E. We recognize the concerns of Alaska communities and the legitimate desire to ensure the future of on-shore processing. We believe those concerns can be accommodated without allocating to non-harvesters or allocating specific processing shares. We are open to discussing this issue.
- F. We recognize there are additional management costs associated with ITQ management. Because we believe the benefits far outweigh the costs we are willing to pay our fair share of those additional costs in return for the right of access to a public resource.
- G. We want to clarify, relative to Point II, that ITQs should be granted to the owner of the vessel at the time of final action by the council (as opposed to the date of Secretarial action).

Kate Graham
AASFA

COMPONENTS NECESSARY FOR AN ITQ SYSTEM

The following proposal is the result of several informal meetings by vessel owners - including pot, longline and trawl interests - who shared their ideas about individual transferable quotas. Their intent was to find common ground on what components will have positive results for the resource, the fishery and the nation. Any comprehensive plan that the Council develops will come through a lengthy process. These vessel owners recognize that reality and are committed to the process.

THE PROPOSAL

An individual transferable quota system is the best hope of rationalizing a very irrational system. An ITQ system, however, can be just as irrational as any other system if not properly developed. The following ten fundamental points are agreed to be mandatory for an effective ITQ system.

I. The Council and NMFS must retain their conservation and management roles.

II. ITQs are a right of access to a public resource, granted to the owner at the time of allocation.

III. ITQs should be based on the total vessel catch history accrued between 1976 and June 24, 1992. (This does not disallow weighting formulas based on JV/DAP mode or percentage of American ownership.)

IV. No initial allocations should be made to anyone other than the owners of harvesting vessels.

V. Because the benefits of an ITQ program accrue over an extended period, the duration of the program must be considered perpetual, subject to periodic review.

VI. All species under Council jurisdiction should be included and treated by species assemblages where appropriate.

VII. ITQs should be granted for the area in which they were earned and used in proportion to the current subarea TACs.

VIII. Vessel catch histories for all non-PSC groundfish must be based on total catch. Initial allocations of prohibited species bycatch must be granted as part of the initial ITQ shares, and based on 3-year fleet average historical rates.

IX. ITQs must be fully transferable. There should, however, be a 2-year moratorium on sales of shares, with only leasing of shares allowed, to let the appeals process be completed.

X. Current laws and regulations should apply to ownership and limits on aggregation of ITQs.

Utilization Shares ITQ Program

Basic system: The utilization shares ITQ system specifies an individual transferable quota system of utilization shares for individual target species which shall be divided between harvesting vessels, onshore processors, and offshore processors. The utilization shares quota system recognizes two major entities necessarily intervene between the resource and consumers - i.e. harvesters and processors. A single utilization share is constituted of both a harvesting component and a processing component and is allocated to recipients as a unified share in amounts reflecting the individual recipient's percentage of the total harvest quota available. Harvesters receive both processing shares and harvesting shares, as do processors, based upon harvesting and processing history and other criteria approved by the Council. The matching of harvesting and processing components between harvesters and processors allows for effective and beneficial use of available fisheries resources. The quantity of utilization shares allocated for a particular fisheries resource shall be in an amount necessary to annually harvest and process the available quota under the ITQ program.

Transferability: After initial allocations, those receiving utilization shares are free to keep and use both or trade both - but all permanent trades must be bundled shares. Under a full utilization share system, catchers and processors would trade for complimentary services. Processors can lease catching shares to the fishers, who in turn can lease processing shares to the processors. . .

Fundamental credit criteria: Catch history for harvesting vessels, DAP processing history for processors.

Credit for utilization shares based upon retained and processed catch: A responsible allocation system will not credit participants with quota shares for past wasteful practices. No quota for target species will be based upon catch which has been wasted by harvesters or by processors.

PSC quota credit based upon VIP rate standards: PSC quota will be distributed in proportion to utilization shares issued and in amounts deemed necessary by the Council to prosecute individual target fisheries. However, no quota for PSC bycatch shares will be issued to vessels for historical use which exceeds NMFS VIP bycatch percentage standards. All utilization shares will be based upon the best available records of retained catch and actual processing of catch.

Redistribution system: Vessels and processors which lose their privilege to participate in the fishery under force of law, court decision or through bankruptcy, will forfeit all utilization shares. Any utilization shares forfeited shall be returned to a common pool and will be distributed pro rata among the remaining participants.

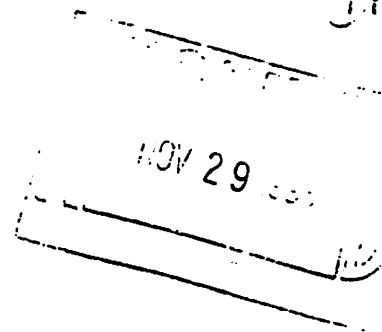
Continued use requirement: All utilization shares which are not used for harvest during any two year period shall be returned to a common pool and distributed pro rata among the remaining participants.

**BASIC INFORMATION REQUESTED
PRIOR TO COUNCIL
ITQ PLAN APPROVAL**

Quota individuals receive: Prior to final approval by the North Pacific Fishery Management Council of any ITQ allocation plan, NMFS and the NPFMC shall disclose the amount of initial quota each participant will receive.

Disclosure of costs: Prior to final approval by the North Pacific Fishery Management Council of any ITQ allocation plan, NMFS and the NPFMC shall provide a formula under which each participant can calculate his individual cost for fees which shall be imposed for management and enforcement of the ITQ system.

Henry Kroll
P.O. Box 181
Seldovia, Alaska 99663



N.P.F.M.C.

RE: REALITY CHECK

Several urgent matters dealing with the actual physical universe urgently need to be addressed. These matters have nothing to do with the paper universe of IFQ's and CDQ's that you bureaucratic types have created to keep yourselves employed. These matters have to do with reality, fishery enhancement, and the livelihoods of the thousands of fishermen who own boats and depend on the fishery to support their families.

Their are thousands of boats laid up and many of them are for sale. Salmon prices are depressed by changing market conditions brought about by government funded salmon hatcheries. You have a fleet of trawlers that is destroying 61% of the fish that they catch while producing a sub-standard product. Have you eaten what they catch in the trawl fishery lately?

Given: The basic tool of fishery management is utilization of the fleet.

1. It is desirable to harvest as much of the inshore cod and trash fish stocks as possible so that the shrimp and crab can come back.

2. Thousands of boats and fish plants are sitting idle all winter from Ketchikan to Kodiak. Many of the good hard-working people that live in these towns can't pay their bills and are living on food stamps.

The answer: Allow small boats (50 foot and under) to harvest one metric ton of cod per day. They must keep and deliver all by-catch. What is not used for human consumption should be frozen or salted for bait. What is not fit for either of these uses should be made into fish meal or pet food. No limit should be place on dog-fish shark, sculpin, or pollack.

Fish markets in the orient utilize every scrap of fish that is caught by the fishermen. The reason the United States trawl fleet has to throw 61% of it's fish back is they have to make payments on their government guaranteed loans. You don't suppose the government had anything to do with market conditions in this country now do you? Who gave out all those government loans to build up the trawl fleet? Oh!, it's the same branch of the federal government that is managing the fishery.

It time you people started earning your pay-check. You destroyed the fishery, now it's time to rebuild it.

Sincerely,

Kroll



in the big time

SPORTS

wrong in Somalia

FORUM

of Hawaii

TRAVEL

Anchorage Daily News

VOL. XLVIII, NO. 290 418 PAGES ☆

ANCHORAGE, ALASKA, SUNDAY, OCTOBER 17, 1993

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Bering fishery throws 61% back

Reports by captains, observers document 'disgrace' in bottom fisheries off Alaska

By HAL BERNTON
Daily News business reporter

The most wasteful fishery in Alaska takes place in the dead of winter on the bottom of the Bering Sea. A fleet of more than 35 trawlers drags huge nets across that bottom, searching for female rocksole filled with roe prized in Asia.

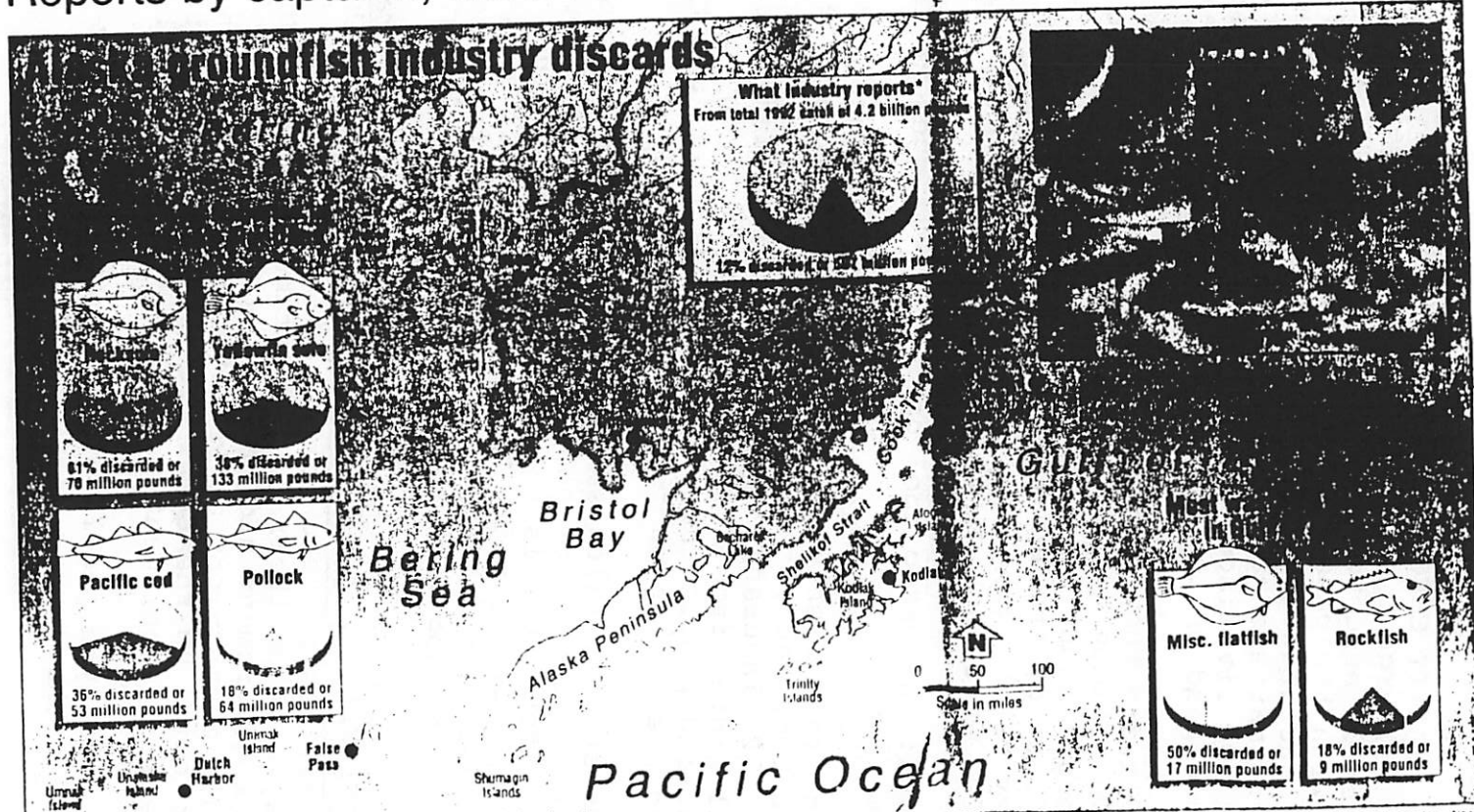
But most of the fish they bring up are the wrong sex or species. Dead and dying, they are tossed overboard. Male rocksole, Yellowfin sole, Pollock, Cod and other fish.

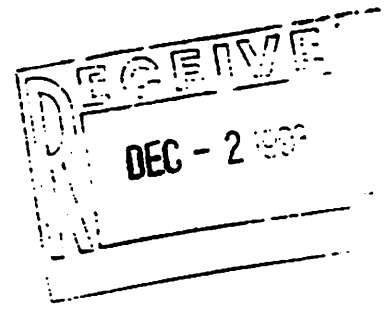
From a total 1992 harvest of 114 million pounds, 70 million pounds — 61 percent of the haul — was dumped, according to the 1992 logbooks kept by skippers.

"It epitomizes what is wrong in the Bering Sea," said Larry Cotter, a Juneau fishery consultant who wrote a report on fish dumping in the Bering Sea. "There's no way you can justify that fishery."

Cotter's report — submitted to the state Department of Fish and Game — offers the most detailed analysis yet of waste in the nation's largest fishery, the bottom-fish harvest off Alaska's coast.

Please see Back Page. WASTE





ELAINE A. COVICH
4200 27TH AVENUE WEST
SEATTLE, WA 98199

NOVEMBER 29, 1993

MR. RICK LAUBER
CHAIRMAN-N.P.F.M.C.
PO BOX 103136
ANCHORAGE, ALASKA 99510

DEAR MR. LAUBER AND COUNCIL MEMBERS,

BEING THE WIFE OF A COMMERCIAL CRAB FISHERMAN, I AM WRITING AS ONE MORE INTERESTED PARTY IN THE RESULTS OF THE COMPREHENSIVE RATIONALIZATION PLAN FOR THE CRAB AND GROUND FISH FISHERIES. MY HUSBAND GARY, HAS BEEN CRAB FISHING IN THE BERING SEA CRAB FISHERY FOR 17 YEARS, THE LAST NINE OF WHICH HAS BEEN AS A SKIPPER. MY HUSBANDS JOB IS THE SOLE MEANS OF SUPPORT FOR US AND OUR TWO CHILDREN. IF SKIPPERS AND NOT JUST OWNERS ARE NOT GIVEN ALLOCATIONS UNDER THIS PLAN OUR FAMILY ALONG WITH COUNTLESS OTHERS WILL BE IN FINANCIAL RUIN.

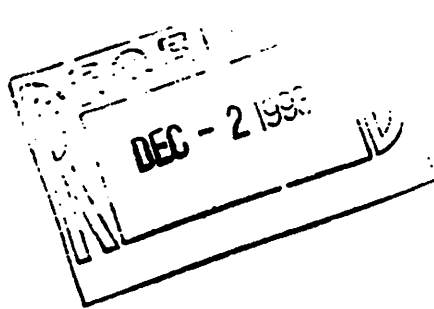
IT IS ALSO IMPORTANT TO POINT OUT THAT ALTHOUGH THE VESSEL AND GEAR COSTS TO THE OWNERS IS SUBSTANTIAL THE SKIPPERS HAVE INVESTED THEIR TIME AND KNOWLEDGE TO THE CATCHING OF THE CRAB. THE FISH TICKETS AND THE LICENSES ARE IN THEIR NAMES AND PURCHASING OF THE LICENSES THEIR RESPONSIBILITY.

I HOPE YOU WILL TAKE A MOMENT TO CONSIDER THOSE WHO MAY NOT HAVE A LOT OF INFLUENCE BUT ARE GOING TO BE SO EFFECTED BY THE OUTCOME OF SUCH A PLAN.

THANK YOU FOR YOUR TIME AND CONSIDERSTION IN THIS MATTER.

SINCERELY,

ELAINE A. COVICH



GARY P. COVICH
4200 27TH AVENUE WEST
SEATTLE, WA 98199
(206) 284-9339

NOVEMBER 29, 1993

MR. RICHARD LAUBER
CHAIRMAN
NORTH PACIFIC FISHERY MGMT COUNCIL
PO BOX 103136
ANCHORAGE, ALASKA 99510

RE: COMPEHENSIVE RATIONALIZATION PLAN

DEAR MR. LAUBER,

I BEGAN COMMERCIAL FISHING IN 1977. I STARTED OUT AS A DECKHAND WORKING FOR HALF A SHARE THEN WORKED MY WAY UP TO FULL SHARE DECKHAND, ENGINEER AND IN 1984 THE CAPTAIN. SINCE 1984 I HAVE OPERATED A NUMBER OF DIFFERENT VESSELS IN THE BERING SEA CRAB FISHERIES. DURING THESE PAST NINE YEARS IT HAS BEEN MY RESPONSIBILITY TO MAINTAIN THE VESSEL, KEEP THE VESSEL AND CREW SAFE, CATCH CRAB AND PURCHASE THE NECESSARY PERMITS TO SELL THE CRAB.

MY CONCERN TODAY IS THAT SKIPPERS LIKE MYSELF DO NOT GET LEFT OUT OF THE COMPREHENSIVE RATIONALIZATION PLAN FOR THE CRAB AND GROUND FISH FISHERIES. IF THE VESSEL OWNERS RECEIVE THE TOTAL ALLOCATION THERE WILL BE HUNDREDS OF PEOPLE LIKE MYSELF UNEMPLOYED. I HAVE A WIFE AND TWO SMALL CHILDREN AND WOULD LIKE TO RAISE THEM IN THE MANNER IN WHICH THEY HAVE BEEN ACCUSTOMED. IF WE DO NOT RECEIVE AN ALLOCATION, THAT WILL NOT BE POSSIBLE AS THE VESSEL OWNERS WILL HARVEST THE CRAB USING THE CHEAPEST MEANS POSSIBLE. AS A MEMBER OF SKIPPERS FOR EQUITABLE ACCESS ALL WE WANT IS OUR FAIR SHARE. PLEASE TAKE THE TIME TO HEAR US.

THANK YOU FOR YOUR ATTENTION ON THIS MATTER.

SINCERELY,

GARY P. COVICH

RON FRELS: I own a 97 ft. fishing vessel called the "High Spirit." Actually I don't own it, the bank does, but I'm working on it. I primarily fish for king crab, bairdi and opilio in the BSAI waters. I first started fishing up the Oregon coast for salmon while I was still in high school and upon graduating went to Alaska and I've been fishing there almost exclusively since 1973. One hundred percent of my income is from fishing; 100% of my income for the past 20 years has been from fishing. My yearly income, at least 70% is derived from crab fishing. The "High Spirit" was contracted to be built in mid-1990 with a projected delivery date to Seattle that would enable it to participate in the 1991 Bristol Bay king crab season and all the ensuing Tanner seasons. Due to construction delays, I didn't take delivery of the "High Spirit" until April of '92 which caused my first crab delivery to be from the king crab season in November '92. As an owner/operator I end up spending most of my time on my vessel trying to make ends meet which causes me to miss most of these Council meetings. I was unable to attend the June meeting in Kodiak this past summer, so I had a letter read into the record that stated my situation and my support for the vessel license limitation program that the UFMA submitted at that meeting. Also in that letter was a request for the Council to consider changing the qualification date for whichever program was finally decided on from June '92 to June '93. I don't think this change would have much impact on the number of vessels allowed in a program but it would have a huge impact on my situation and it would allow me to continue in the crab fisheries which are so crucial to my ability to pay for my vessel and which I have participated in as a crew member and later as a skipper for all of my adult life. I don't believe I'm asking for special treatment in this request, just fair treatment. At this time I would again like to state my support for the vessel license limitation program that has been presented by the UFMA. I, along with many other crab fishermen participated in the development of that program. In the ensuing months most of the guys in the crab fleet I have talked to about this issue feel as I do, that the needs of controlling the size of the crab fleet would much better be served by this program than by an IFQ program. I believe that license limitation would be far easier and far less expensive to implement and I also believe it would be a far more equitable way to decide who gets to fish and who doesn't by allowing boats that are currently making the majority of their income from crab fishing to keep fishing. Thank you.

Questions from Council members

Wally Pereyra: A point of clarification. Your concern was the qualifying date, there's two qualifying dates, one is the date of June 24 of '92, I believe, and the other qualifying date is whenever the Council decides to make its grand decision, so what you're saying is that that earlier qualifying date would be unfair to you?

Frels: Yes.

Pereyra: Thank you.

ALASKA MARINE CONSERVATION COUNCIL: Paul Seaton, Bob Storrs, Chris Chavasse, Bob Michael.

Seaton: The Alaska Marine Conservation Council is a community-based organization of fishermen and women, scientists, coastal residents, subsistence users and others who believe life depends on a healthy and diverse marine ecosystem and with that, I'd like to introduce Chris.

Chavasse: Mr. Chairman, members of the Council, I'd like to read into the record the harvest priority solution concept. Last year more fish were discarded dead in our fisheries in the North Pacific than were landed by U.S. fishermen in the North Atlantic. Over a half a billion pounds of dead or dying fish were dumped over the side in 1992, including 20 million pounds of halibut, a million pounds of herring, 20 million crab, and this year over 360,000 salmon were intercepted in the trawl fisheries. In the last few years suggestions have been made on how to deal with this problem, including across-the-board implementation of ITQs, i.e., comprehensive rationalization and full retention of catch. While these proposals may reduce some levels of bycatch enforcing them will be difficult, expensive, and could result in legitimizing the harvest of non-commercial and non-target species. Highgrading and night dumping will continue to be problems unless expensive enforcement measures are taken. We respectfully ask that you evaluate another approach, one that rewards those fishermen who successfully minimize bycatch, waste and disruption to habitat by giving them the opportunity to fish earlier, longer, or some other harvest priority allocation. Individually tailored for various fisheries, a harvest priority program could voluntarily lead to a rapid conversion to cleaner fishing. This economic incentive approach was used to Americanize our fisheries in the '80s, it could be used again, this time to clean them up. In addition to seeking the Council's consideration we are also recommending that the harvest priority language be incorporated into the Magnuson Act. As envisioned, the harvest priority program would be designed for each fishery. The Council and fishermen in that fishery would negotiate, reduce maximum bycatch rates that would then have to be achieved to qualify for additional fishing time, a reserved portion of the total allowable catch, or some other harvest preference incentive. In order to qualify fishermen would have to have full observer coverage to verify their harvest and bycatch levels. If any of the portion of the catch was not observed, they would be calculated at the fleet average effectively providing an incentive to make sure everything is seen. If a gear is shown to be inherently selective with a low bycatch rate, use of that gear would not require further observer coverage. If a lower rate was being reported by selective practices within a gear type, observer verification would be necessary. The Council would need to design an adequate harvest priority economic incentive so participants could cover observer expenses and generate significant bottom line profit. In many fisheries full retention of target species will be inherent since the quickest way for fishermen to reduce their discard rate will be to fully utilize their entire target species catch. The advantages of harvest priority as an economic incentive approach are numerous: harvest priority allocations will result in minimizing bycatch, waste and habitat disruption by rewarding those fishermen who can demonstrate cleaner fishing practices. Emphasis will be placed on not catching undesired species in the first place. Efforts to reduce bycatch will be

North Pacific Fishery Management Council
Transcription of public comment on Comprehensive Rationalization Planning
December 10-11, 1993

institutionalized because the best fishermen in each fishery will push for further reductions in bycatch because they know that they can be more selective. There's no inherent administrative cost to the program, no bureaucracy expansion, and no enforcement costs above the current system. This proposed system makes management changes that result in direct achievement of the goal of reducing waste of our public resources. The reductions could be sequentially lowered in each particular fishery. Confidentiality of data is not an issue since anyone wishing to qualify for harvest priority will volunteer their data and verification. In conclusion, we are faced with declining populations and potential ESA listings of several marine species in the Bering Sea and Gulf of Alaska. Many of our livelihoods and subsistence cultures are at risk. We are seeking proactive solutions that both protect the environment and our communities and we ask you, the Council, to consider harvest priority as a realistic and ecologically responsible way to actually reduce bycatch. And with that, I'd like to turn it over to Mr. Seaton.

Seaton: Thank you. The race for the fish is the fisherman's reaction to the current management techniques. The only way you can gain economic advantage under current techniques is to fish faster than the other guy. What we want to do through this system is to turn that around so that you can actually gain economically by fishing cleanly. The whole thing is that the fishermen would come before the Council for that particular fishery and negotiate with you, the AP, etc., a lower limit on bycatch which they wouldn't exceed and if they could beat that with 100% verification then they would get additional fishing time. Now, that additional fishing time could be something like an early start on the next year, maybe two weeks early start in some fisheries might make sense, maybe three weeks in another, we're not trying to come here and tailor or micromanage every fishery whether large or small because the fishermen in those fisheries know their economic situations, they know the fishery situations better than we do and better than you. They'll be coming forward, the fishermen who want to gain that competitive advantage, and they'll be giving you those proposals. So, basically the thing that would have to happen is that the reward incentive would have to be adequate to cover the observer costs; we support the observer plan that's going forward. We hope that you will make sure to clarify in there that voluntary observer coverage could also be obtained to verify these things, and I guess that's about it. Often we hear that there's only a small segment of each fleet that is responsible for shutting down the fishery or getting close to it or the large amount of bycatch. What would happen in this case is that the good fishermen, those that can fish cleanly would actually eventually displace the others if they don't clean up their act. And one other thing that we ought to say is that the problem with data as far as enforcement goes, this is not an enforcement action of the regulation, so what you would be looking at is using the best available data as mandated under the Magnuson Act and not courtroom-verifiable data, and I'd like to turn it over to Bob Michael now.

Michael: Mr. Chairman, members of the Council and members of the public, I'm a member of the board of the Alaska Marine Conservation Council. Our body of members is very much like yours. We're a diverse group of marine resource users, fishermen, subsistence users, scientists and recreational users. We have competing interests which are not always in sync with one another, but

we agree on the fundamental rights and responsibilities of good stewardship of the marine ecosystem and the resource. Our process of coming to agreement on an issue is very much like the sausage-making process that you go through, but when we get to the point of agreement, whether by consensus or vote of the majority we all know how we got there and why we chose that direction. We agree that the current system is flawed and that the race for fish prevents fishermen from practicing good bycatch reduction techniques, good waste and discard management practices on board a vessel. Whether one feels that the waste and discard problems of the Bering Sea and Gulf of Alaska is a biological problem, a social problem, or one of economics, the fact remains that there is a problem and any way you look at it, it hurts us all in the fishing industry. It is a problem that can be corrected through management. The vast majority of our membership supports the harvest priority management system. They do so because it is an incentive to clean fishing and it is a management plan based on fisheries conservation. This endorsement of the harvest priority plan does not mean to infer that we disapprove of other plans, be they IFQs, full retention, etc. We recognize that all of these plans are the result of a search for something better than the current patchwork of reactionary mandates. In fact, none of the programs proposed are mutually exclusive of the other, but we support this one because it encourages and rewards good fishing practices. I have never met a fisherman that wanted to catch something that he or she wanted to throw away later. Throughout industry we hear that goals of conservation and wise use of the resource would prevail if another management plan, different from the one we currently have in use, were in effect, and we agree. The current state of the fisheries is so volatile that less than a handful of dirty boats can and have shut down the entire fishery. This is particularly true or visible of the trawl industry and we support the trawl industry as we do the longline, pot, troll and subsistence fisheries. If we could introduce incentives that would reduce the amount of waste and discard in our fisheries our vessels would be able to operate more profitably with less discord among the many user groups. Punitive VIPs have shown to be ineffective, they consume time, energy, money, and more fisheries resource. This plan of harvest priority tries to address this issue and further the goals of good management. Thank you.

Questions from Council members

Linda Behnken: I think there's a lot of merit in this idea and I really appreciate the work you as a group have put into trying to develop that will address this waste problem and our legal counsel isn't here, I was just wondering whether you have talked to anybody about the legality of establishing a program like this where you'd open the season but only allow those people who had proven their record to fish, or does it require a Magnuson change to do that?

Seaton: Yes, we have talked to several legal counsels and we have been advised that since this is a management tool and not an enforcement action of a regulation that the data, the requirements of the scientific calibre of the data is different. The Magnuson Act requires you to use best available data for management tools and this is a totally voluntary program that people would volunteer for

and it's not a restrictive program, it's not a violation program, so yes, we have had opinions that this would be. . .

Ron Hegge: Paul, I don't understand how you avoid still being a victim of the race for fish, if you're participating under different circumstances you might be much cleaner and all that, but the other guy still caught the fish.

Seaton: Part of the problem with the race for fish is that your bycatch is totally insignificant. Selective fishing practices are always slower than non-selective practices and the problem is that the economic incentive is that you have to race for the fish because that's the way you make your money under the current regime. Under this regime, you are going to gain economically because you are going to be able to participate in a second season or a reserved portion of the TAC, an earlier start on next year's fishery, by coming in below the bycatch rates. So, by fishing slower, by modifying gear, doing whatever the fisherman needs to do and, you know, fishermen are extremely inventive, they're going to come up with many ways to reduce bycatch if they're going to gain economically by doing it. And so, what's going to happen is, it pays them to slow down. Right now it pays to speed up; it'll pay you to slow down if that's what you need to do to be selective on your target.

Storrs: Could I add to that a little bit? I think we have to be, at the risk of sound a little bit like a purist here, we all have to realize, the Council has to realize, that there are going to be a lot of outfits going tits up, that's just the way it is, and I've said it before, I'll say it again: overcapitalization is a capitalist problem and the responsible resource users should not be made to suffer for bad decisions that were made in board rooms. What we propose is a system that will reward people who compete cleanly and ideally the worst offenders will be the ones that drop out first. I kind of bring it down to like Bob Watson said yesterday in the AP meeting, said, right now there's nothing out there that makes you want to fish clean and I know him for many years as being a responsible fisherman. In fact, I'm a little partial to him 'cause he plucked me out of a life raft once. . .

Michael: Mr. Chairman, if I may just add one last comment. I slightly do disagree with my colleague here on reducing bycatch means fishing slower. I'm working on a project that is basically geared towards reducing bycatch, waste and discard, and some of the information we have from out there is that people can fish cleaner and fish more productively if they just change their way of thinking a little a bit about how they go about doing their job, and this is the forum to get into that, but fishing clean does not necessarily mean fishing slow.

TOM SURYAN: Good afternoon, Chairman Lauber, members of the Council. My name is Tom Suryan; I'm president of Skippers for Equitable Access, I'm a commercial fisherman in Alaska and have been for 20 years. I, too, derive all my income from fishing. I run a 117 ft. crab boat, the "Arctic Mariner." With me is Ed Wood, a trawler with history in both the joint venture and factory trawling fisheries. He submitted written testimony; he's come with me today as a member of S.E.A. and to associate a face with a name. S.E.A. is a group of captains and owner/operators covering fisheries of crab, groundfish, both longline and trawl, all vessel categories from . . . to the largest factory trawlers operating up there. S.E.A. would like to thank you for this opportunity to address the Council. We have come here today to express our deep concern that captains be included in your plans for comprehensive rationalization. In response to your request at the September meeting, we have developed plans for license limitation and IFQs as well as criteria for bonafide captain. Through the efforts of our membership and the steering committee that was chosen by them, we have devised the plans before you. I would like to point out that we are not promoting one plan over the other, but rather are supplying you with the proposals for both possible scenarios. Furthermore, I would like to clarify it is our intention that our plan go in kind with the plan chosen for the subject fishery. That is to say, if the Council decides to go with IFQs in a fishery, then captains would likewise be participating in that quota share plan. We do not propose a situation where a fishery would go IFQ and the captains would simply be given a license. This is not a workable solution. There are very many reasons why captains should be included in these plans. First and foremost is our proximity to the fisheries. We are the ones actually out on the grounds doing the fishing. Our decisions and actions affect the fishery more directly than anyone else's. It logically follows that people with a vested interest in the resource will take better care of it than those who don't. We cannot risk allowing large numbers of disinterested operators to further decimate the resources through mishandling, senseless discard of bycatch, highgrading and other poor fishing practices. Those whose futures are tied to the well-being of the resource will protect it. We must also, to the extent possible, protect our natural resources from foreign ownership. Many of the corporations who would be in a position to obtain quota shares are largely foreign-dominated. In addition to the well-being of the resource, is the well-being and the safety of the crew of the vessel. Our plan, by requiring the captain to have a U.S. Coast Guard master's license, will promote a higher level of professionalism than is generally the case now. This will lead to a safer working environment on the vessel thereby reducing accidental injuries and loss of life. This would also provide a ready pool of licensed merchant seamen at a time of vastly diminished merchant marine fleets and crewmen in this country. With large commercial carriers such as SeaLand and American President Lines applying to the maritime administration for transfer to foreign flag we could find ourselves without an adequate number of merchant marine vessels in the event of a national emergency. Our plans would also promote a better work ethic on deck by giving the crew a realistic chance to work themselves into both the wheelhouse and ownership positions. Let's face it. In a situation where the entire resource allocation is transferable and prices for quota shares are market-driven, individuals will seldom if ever be able to successfully bid against corporations. This will lead to the situation where the company owns the resource and the fisherman all become, effectively, sharecroppers. This is bad for the

resource, bad for the fisherman, and ultimately, bad for the company. It cannot be forgotten that the captain is responsible for the success of the vessel. The captain determines where the fishing takes place, is responsible for the safety of the crew and the vessel, and has to accomplish all of this as cost effectively as possible. This is no small task. The captain also has to obtain a permit card in order to fish and the catch record he creates is his personal catch history. It has been argued that only the owner has an investment in these fisheries and should therefore be granted the resource allocations. We maintain that capital is only one form of investment and that financial risk is only one form of risk. We've invested years of our lives in the development and execution of these fisheries. We have risked our lives, endured long separation from our families, and suffered the loss of countless friends and relatives. Yes, we have been paid well for our efforts, but so have the owners been paid well for their outlay of capital. These are both versions of the same thing, return on investment. The only difference is a semantic one. Additionally, we are not employees. We are self-employed individuals who share the risk of the venture and if the trip is unsuccessful we don't get paid. There are no benefits, guarantees or paid vacations. We are not the same as factory workers; we don't enjoy their security. For these reasons we feel it is crucial that the Council continue to include our proposals in its analysis. We'd be happy to work with you in any way we can. Just a couple of additional points. . .I'd like to point out that the make-up of this fishery is significantly different from blackcod and halibut where the majority of the people are owner/operators. Here absentee ownerism is the rule and owner/operators are more the exception. I'd also like to point out that we've gone to great lengths to make our proposals fit into the plans that you are looking at for vessels in order to streamline the analysis process so as not to further burden Council staff which obviously has a large task before it. Thanks very much for your attention.

[No Council questions]

TIMOTHY VINCENT and GARY COVICH:

Vincent: Mr. Chairman and Council, my name is Tim Vincent. I'm an owner/operator of the F/V "Stormy Sea." I feel fortunate to be able to speak here today, having arrived here from Alaska 48 hours ago from fishing. I've been a fishing vessel captain for the past 11 years. This experience has shown me that there is absolutely no substitute for hands-on experience in building a strong catch history. Skippering is about as self-taught as anything I can think of and the point I intend to make is this: excluding experienced, knowledgeable skippers from any IFQ program will degrade the integrity and safety of our industry. Any absentee owner who feels they can begin making compromises in this area is mistaken. It is the captain and his catch record who ultimately determines the success of the operation. It is the captain who is ultimately responsible for the lives of his crew and safety of his ship and all of her equipment. It is the captain who will lose his livelihood along with his license if he fails to be sure the vessel is up to date on all the new safety regulations, etc. There's a lot that the captain is responsible for. Being an owner/operator puts me in a unique situation. It allows me to see both sides of the coin in a way. The owner side wishes for a safe journey first and of course the hope of that journey being profitable. Neither can happen without a good, competent experienced captain at the helm. Thus I feel very strongly that when the time comes to allocate shares in an IFQ [system] and the safety and integrity of the industry [the Council] would give careful consideration to all the captains who have sacrificed greatly as a part of the development of this industry. Thank you.

Covich: Mr. Chairman and Council members, my name's Gary Covich. I'm a skipper on a crab boat fishing out of Dutch Harbor. I've been in the industry for 17 years and skippered for the past nine years. Fishing is my livelihood and my family and I depend on it exclusively. My grandfather was a fisherman, my father was a fisherman and should my son decide to be a fisherman I would like him to have that option open to him. That is why I'm here to request that you include skippers in the comprehensive rationalization plan. Including the skippers in this plan would offer protection of the resource and maintain a level of expertise on these vessels. Most of the boats in the crab and groundfish fleets are not owner/operated. Most of these boats are owned by investors who have little or no exposure to actual fishing. The skipper is the one closest to the resource and most able to observe and protect the harvesting of it. A salaried employee will not have the protection of the resource in mind if he does not have ownership or a future in that resource. The skipper is responsible for boat, crew and catch, and also bears a burden of failure. These are highly competitive fisheries which require intense concentration and effort for long periods of time. After nine years of operating vessels I have accumulated an extensive catch record which I feel belongs to me. I have purchased the permits and signed the fish tickets. My hope is to continue fishing as an active participant, not a truck driver for some corporation. A fair and equitable plan would include skippers. We are not asking for the entire pie, just our fair share. The operator is a vital part of a fishing operation. His experience and expertise are essential. Fishermen are paid on a share basis; we do not receive a salary or any guarantee. Each trip we share the risk of a profitable venture.

This is also a chance to keep a part of the fisheries in American hands and with the people who are closest to the fisheries. A good portion of the factory trawl fleet has foreign ownership involved. Do we want to give this resource to foreign control? In conclusion, I'd rather face any weather that the Bering Sea could throw at me than sit before this Council and try to convince you that I as a skipper should be included in the comprehensive rationalization plan. With the conflict of interest which exists on this Council it presents quite a challenge for us. I'm not a writer or a speaker or a truck driver. I am a fisherman. Thank you for your attention.

Questions from Council members

Lauber: We have a tough time from time to time but I don't think any of us would care to trade places with you in some of the weather you've gone through; we'd rather be here, probably. Any questions? Yes, Mr. Hegge.

Hegge: I didn't get your name on the left there, but do you own the vessel that you run outright, or are you partners. . .

Vincent: I'm a partner.

Hegge: Isn't that, at least in the crab fleet, that as people do become skippers they're offered partnerships in the vessels?

Vincent: I would say so, it would depend on the situation, of course.

Hegge: I hadn't really thought about it before. I know that was probably one of the more common things in that fleet; I don't know if the history is offered with that or not, but seems like that fleet has been very active in bringing people up through engineer, skipper and owners.

Covich: This is important to me because the whole root of this, I feel, begins with the captain. He's the one that sets the tone, his production, I mean it contributes even to the tax base. The owner, myself being an owner, of course, but you can't get anywhere fishing if you don't have good production first, it's just not going to happen. So, I feel strongly that the captain's at the core of this and he should be given some consideration. You've heard it and heard it and heard it. We've given a lot of our life, I missed my wife having childbirth, there's a lot of sacrifice involved and to just lay a mandate down here, I mean I'm nervous, I'm not good at this stuff, but it kind of brings you up on it you, you know, there's a lot of stuff going on and it's hard being fishing and coming down here and not say your piece, so I feel really strongly that it's good to be here. The captain has a lot of input to this. Like Tom said before, it is the norm that owners are absentee and captains are actually handling what's going on day-to-day up there.

Oscar Dyson: It's good to see you here, too. . . .I guess you'd admit that you can't sail that vessel by yourself. You have to have a mate, you have to have an engineer. . .

Covich: Yes, . . . correct. . . it's an overtonnage vessel. . .

Dyson: You have to have a gear man, and all those people are just as important as a skipper cause you can't sail without them. Have you ever thought about those guys?

Covich: Absolutely, it's team work that helps make the whole thing happen. But I still feel that the skipper is the most important part of the team. He's the guy that makes the decisions. When he's in the chair in a howling gale, he's going to be the guy who brings 'em and takes 'em out, all the heats on him. It's easy to sit in your armchair at home and think oh boy, this is great, but when you're out there. . .you know that, too, you've been there, too.

Dyson: Longer than you have.

Steve Pennoyer: Just out of curiosity, either of you. You mentioned that the skipper is responsible for the vessel and crew and so forth. In your situations, does the skipper actually hire the crew, disburse the wages, buy the gas, buy the gear and so forth.

Vincent: In my situation?

Pennoyer: Either one of you, well, you're obviously the owner and operator too.

Vincent: We all share in expenses as far as fuel is concerned, groceries and those types of things. Hiring, that's sometimes done by the ownership, sometimes done by the captain. More often I'd say it's done by the captain.

Covich: I agree with that.

Pennoyer: And disbursement of wages?

Covich (I think): Done by ownership at time of delivery. We generally give a draw to our crewmen and then at the end of a trip or end of a fishing season everything is tallied up, expenses, wages and so forth, and that is done either by an accounting firm or by the ownership.

Pereyra: I'd like to follow up on the discussion Mr. Dyson had. I certainly don't want to in any way depreciate the role, the significance and importance of the captain, there's no question they're very important, but I also know for example that I've talked with some factory managers that would remind me very eloquently that if in fact it wasn't for the way in which they managed the factory to

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be able to get the greatest value out of the fish that's brought on board, the vessel wouldn't have any stock to speak of. Also, crewmen, on larger vessels crewmen are down on deck. They're the ones that are experiencing significant risk. I've been aboard with some fairly large seas coming aboard and so forth; this isn't to depreciate the role the captain has and the risk that he takes, too, but I think there are others, too, that are just as important and I was wondering if you feel that they should also participate? Or should it just be the captains?

Covich: All the burden falls on the captain. If there's a problem on the vessel with one of the crew members or if you have an accident, all the burden falls on the captain, it doesn't fall on the crew members at all, so we ultimately feel that we are the ones responsible, so . . . we've been there and we deserve this.

Linda Behnken: In your experience, are a lot of the captains or yourself, that's your profession, as a captain, or is it split, some people are captain for a while and then go on to buy a vessel? Maybe I could put that a little more clearly. Is it a profession, being a skipper or is it a step to becoming a vessel owner in your experience.

Covich: Well, I think it's both. I've been an owner and now I'm not an owner. I worked my way up and now I'm just an operator, so it could work either way.

Vincent: It used to be steps but with what's going on here it's not going to be steps anymore.

BOB HEZEL: I want to thank the Council for letting us have our time to speak today. With me is Sean O'Brien who's fished groundfish in Alaska and the west coast of Washington over the last 20 years, and Ralph DeCappio, also a fisherman in Alaska for the last 15 years, and myself. I currently hold a 3,000 ton U.S. Coast Guard license and fished 15 years in Alaska. I've had active participation in the groundfish fisheries since 1978, including crab catcher boats, joint venture longlining and factory trawlers for all groundfish species. I think all of us at S.E.A. want to thank you for having this opportunity to bring a needed dimension, I believe, to the decisionmaking process now and in the future concerning Alaska groundfish issues. The captains of these vessels are on the front line as you've heard. Of most all the issues that face this Council and affect the future of the industry, you really need our input into what's going on up there. Our collective experience as captains of safety-at-sea issues, fishing gear innovations and technologies for the industry is all tested at sea first-hand by us. Plus, our collective ability to analyze changing characteristics and conditions of all species is invaluable information, as I'm sure you're all aware. Industry cannot deny the fact that we know more about the stock conditions, the fish behavior, the bycatch and environmental concerns at sea by our own proximity than they ever will. I also believe that some restrictions, either license limitations or IFQs need to be in place to preserve and manage these fisheries. After considerable time up there I know what's going on; I've seen it first-hand, I know we need this to happen, and we want to help expedite this. But who will represent the fishing stocks if IFQs are in place? I believe industry's bottom-line profit often clouds issues such as good fishing practices and conservation measures. How could this group, all of you sitting here, deny the future benefits of providing vested interest to the individuals who interact first-hand with the resource? I think a narrow-based distribution within industry owners, some of which we have talked about are foreign nationals, over a much broader based distribution of owners and operators would not lead to the diversity and decisionmaking necessary to preserve this industry. And the fact that this group has organized and I think you can all say that you haven't seen us before you very much as a group, the conflict of interest within the crabbing fleet, the trawling fleet and the longline fleet is a very big issue that needs to be addressed, and by seeing us all here together it should be seen as a positive step toward resolving that and future issues regarding interaction between the Council and the fishermen. I want to thank you for that. One last thing I wished to say is that many of our members were asked not to speak in front of you today and I believe that it's time that we were heard. We kind of all risk our jobs on the line up there all the time; if we're not profitable, we don't have a job. And, I am a professional captain and that's what I enjoy doing and the two sitting next to me also, and we'll probably do that the remainder of our lives but we hope to do it within a system that we can help benefit also and if we're not involved in that system I don't believe you're going to see the benefits. Thank you.

Questions from Council members

Lauber: I didn't understand the statement about, they asked not to testify? or were asked not to testify?

Hezel: They were asked. . .some of our members went to their individual corporations, holders of the vessels, and told them that they would like to speak on behalf of S.E.A. and they were asked not to.

TOM GATES: Mr. Chairman, members of the Council. My name is Tom Gates. I'm a career fisherman, I have 20-odd seasons, came up off the deck. My interest is in the ITQ/IFQ individual allocation scheme that's under consideration now. I'd just like to read one thing from the Magnuson Act as a refresher: "If it becomes necessary to allocate or assign fishing privileges among the various United States fishermen, such allocations shall be fair and equitable to all such fishermen," and it's my hope that just because I'm not a vessel owner I'm not disqualified from consideration for an IFQ. That's all I have to say, thank you.

Questions from Council members

Lauber: I didn't understand what you it was you did. . .are you a fisherman, skipper, or crewman, or what?

Gates: I am a fisherman, yes, I've been all of those.

Alverson: Are you also a member of this group that was just up, S.E.A.?

Gates: Yes, but I'm speaking for myself.

Alverson: Yes, I understand.

KARL OHLS, ED GLOTFELTY, PAUL PEYTON:

Ohls: Good morning, Mr. Chairman. For the record, my name is Karl Ohls, I'm with the Western Alaska Fisheries Development Assn, whose membership is four of the six CDQ corporations representing the Norton Sound/Yukon Delta/Kuskokwim Delta and Bristol Bay regions. With me are Ed Glotfelty, the Executive Director of the Yukon Delta Fisheries Development Assn. and Paul Peyton with the Bristol Bay Economic Development Corporation. Very briefly, about comprehensive planning, we just want to say that the WAFDA members' experience with participation in the CDQ fishery has been extremely favorable and it's been so favorable that it reinforces our belief that a comprehensive allocation system would help solve many of the management problems that the Council confronts month after month, particularly in the Bering Sea fisheries. As has been described many times before, the CDQ recipients have much more flexibility in choosing fishing time, speed in which the fishing operations are conducted, and their fishing methods and this has resulted in a higher quality product, higher value product, less bycatch and waste, and the highest and most comprehensive levels of data collection now available in the Bering Sea and we look forward to the day when all Bering Sea fisheries can be conducted in this manner. In the interest of conservation, among many other reasons, we fully support the comprehensive rationalization process no matter how daunting it may seem as you continue through it. In conclusion, we appreciate the question raised earlier by Commissioner Rosier about the clarification of the alternatives in the options documents, options and alternatives for comprehensive planning. Our understanding of the intent of the motion made at the last meeting was that CDQs be analyzed for all alternatives, IFQs, license limitation, everything. It's certainly the goal, the intent of the CDQ program, one of the goals and the intent, is to allow Western Alaska residents to have direct participation in the fisheries that are closest to their homes, that are in proximity to their homes and it would certainly be consistent with that intent if CDQs were analyzed for all alternatives. That concludes my remarks, and I thank you very much.

[Glotfelty and Peyton had no comments]

Questions from Council members

Pereyra: Yes, Karl, I'm very pleased to hear about the results that you're having; it just reinforces in my mind the value from an ITQ system and all this waste discussion we're having and so forth, and how that's going to fall out if we go with ITQs. But I'm curious about the rationale behind us establishing a quasi-ITQ system under the CDQ, under that framework, and not do it for the rest of the fisheries. In other words, you said if we had license limitation we should also have CDQs? Aren't we sort of half in bed doing that?

Ohls: Well, of course it's up to the Council to ultimately determine what sort of amalgamation of options that you want to put together. I can only speak to the CDQ fishery and the members of my group that are involved in Western Alaska and whatever you do they would like to see that

continued. That's a concern. However it's put together or melded with license limitation, we haven't given a whole lot of thought to.

Pereyra: Aren't the CDQs really a quasi-ITQ system.

Ohls: Yes, essentially an ITQ system for a much larger group of people rather than an individual.

PEDER HVATUM: Good morning, Mr. Chairman, Council members. My name is Peder Hvatum and I'm an owner/operator of a crab boat since 1976 and on deck the previous seven years, and what I'm here to testify for is I feel we need some kind of IFQ system. The olympic system that we're under here now is. . .it was fine, you know, a few years ago when we were fishing 180 million pounds of king crab, a greater amount of bairdi, and a greater number of opilio. But it's just no longer rational the way we go about this. . . .maybe I'll make a little run-through here about how we go about, about how we do this. Twenty-four hours before the season opens we get a tank inspection and then after that tank inspection we have 24 hours to get to the grounds, or whatever it takes us, but we try to get there by the time it opens. This year it wasn't, on the Bering Sea season it wasn't too bad, you know, luckily it was nice weather. The previous year it was about 65-70 miles an hour and you got 200 and some boats heading out in those kind of conditions with the maximum amount of allowable pots that they can carry on board, it just makes for a disastrous situation. And then, after the season when they announce the closure, the season's already closed, we have 24 hours to get in to port. Same situation, like this year, it was storm warnings all the way in. That's just one of the things, and then, I don't know, it's just getting to a point, like in the last three weeks I got one guy seriously injured, another guy with a broken bone and it's just. . .the costs are getting too high. Insurance is probably going to go from 50% more in the next renewal period to 100% more, P&I insurance, plus the underwriters are dropping out at a pretty fast rate. There's probably going to be only two underwriters this next. . .in the future, and then maybe one, and then maybe none. Like I said, it's just evolved this way, it worked fine a while ago and it's not management's fault, it's not anything, it's just kind of evolved over the years into a pretty unworkable system. We're the only fishery that really fishes in the winter time and we don't have problems with hurricanes up there, but many times it's hurricane winds, plus icing conditions. Some boats are larger and they can push in a little worse weather, but that forces the little ones. . .you know, they've got to give it a shot too. So, it's. . .it ain't rational, O.K.?

Questions from Council members

Lauber(?): Your tank inspection. . .where are you required to get a tank inspection?

Hvatum: There are several areas; there's St. Paul in the Pribilofs, Dutch Harbor and King Cove and they have varying. . .like King Cove has 48 hours before the season opening and Dutch is 24 and St. Paul is 24.

?: Are they all in Alaska?

Hvatum: Right, they're all in the western Aleutian area.

Lauber: You can't have a tank inspection in Bellingham.

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Rosier: Just a clarification on one point. I think this last season you did get a little extra time, I think, in getting back to port there because of the weather conditions and so forth, did you not?

Hvatum: Mr. Chairman, we got a little extra time coming back into port this time because I believe it was Veterans' Day when we landed and the offices of Fish and Game, no, not Fish and Game, they were there; but the enforcement office was closed.

Rosier: Not that that solves the problem, Mr. Chairman, but we did try to work with the fleet this year in getting them back. . .

JEFF STEPHAN: Mr. Chairman, members of the Council, my name is Jeff Stephan and I represent United Fishermen's Marketing Assn in Kodiak and I'm going to be very brief because of your time situation. Right now there's a letter being handed out with an attached chart and I just wanted to have you refer to that in my testimony and then I can get out of here. Just to kind of explain, you'll have to kind of look at that to understand our concept. Originally we came to you in June with a vessel license limitation program for the crab fisheries in the Bering Sea/Aleutian Islands. We suggested at that time, and we still feel, that one crab license ought to be issued for all crab. You set up some allocation criteria, some criteria for being accepted into the program, you get a crab license and you are able to fish in all areas for king and Tanner crab, etc. That is still our preference, however, at the last Council meeting in September the Council decided to analyze a few other options and one of those options was a kind of a multiple vessel license which I think you termed 'endorsements.' I talked it over with a lot of people about the endorsements; of course it's not been analyzed or discussed, but the whole issue of endorsements and how that would work was foggy so we tried to modify that idea a little bit and what we came up with you'll notice here, we came up with 3 or 4 options under king crab. If you don't want to go with one license for everything, then our next best option is two licenses, one for Tanner crab, one for king crab. If you even want to break it down further, we've laid out some options. For instance, let's just take the case of king crab. If you didn't want to go just for one license for king crab, we have down there an option called 2 licenses; one license that includes areas O, T and Q; and one license that includes area R and if you'll look at your chart here that has king crab areas at the top, we were thinking that it would be a good idea because the crab fishery is a business and it would be, we feel, too restrictive to give a separate license for king crab in area T and a separate license for king crab in area R and a separate license for king crab in area O. You don't achieve a lot of objectives, so we talked about bundling or grouping license so if you were to give two licenses, for instance, you would give one license for area O, T and Q, and another license for area R. If you felt you wanted to give three licenses for king crab, in talking to the people and their traditional fishing patterns, you could give a license for area O(zero) and T, another license for area Q, all the different subareas for Q, 1, 2, 3, and 4, and one license that includes area R.

Going to Tanner crab, if you just flip that chart over. Again, we still prefer one license for everything; second option would be one license for Tanner crab, one license for king crab. But a second option, you could give three Tanner crab licenses and the districts are in there. For instance, one license would encompass area J4 and J5, another license would encompass area J8 and another license would encompass areas J6 and J7. Those would group some licenses to allow someone who qualified at least the ability to switch between some areas and given the fluctuations of the Tanner crab and king crab stocks over the years we feel that people ought to have some ability to move between areas. I don't know, but I don't think that you would fish say IFQs or licenses in the groundfish fishery by statistical area and we would hope that you wouldn't break the Bering Sea/Aleutian Islands king crab fishery into so many small areas. You would still be regulated according to the regulation areas and quotas, the size limits, the pot limits and things like that; you'd

still have all those traditional management tools but the licenses would be grouped IF you decided to go to more than one license for all crab. Thank you.

Questions from Council members

Alverson: Jeff, I assume, but maybe this is a wrong assumption, that these licenses would be based on some sort of past participation? [Yes] And, if someone did not participate in certain areas, then they would not get endorsements or . . . that's how these licenses would . . . get one license for four areas, based on what, if you fished all four areas, or if you fished one of the four areas?

Stephan: If you decided to go with this, and this is just a modification of the endorsements idea, it just seems that people. . .it seemed to work a little bit better for the people in the crab fishery. Of course, we didn't understand totally what the endorsements idea was, but I think it tries to achieve the same objective. Because of all the fluctuating stocks and everything, Bob, we felt that, for instance in the area of king crab, people did not want to be limited for instance to just one area because of some traditional participation and that if you were going to go into some kind of a long-term solution or approach to limiting access that even if someone did not qualify for instance in king crab, let's take number two here, one license that includes areas Zero, T and Q. Let's say somebody operated in T and Q but didn't operate in area O; we thought that it would still be worthwhile that if they qualified for one of those three areas to give them a license for all three, do you follow that? So they have some horizon for the future to kind of move in some areas because really these areas were designed for management reasons not for kind of running an overall crab operation, because right now you can move between those.

Alverson: But you'd have to have some years of participation in one of those three areas.

Stephan: Certainly, in one of those three areas or two of the three areas, those things would have to be worked out, but it would be kind of bundling one or two or three areas together so a person could buy one license and know that he'd have some ability to move from Dutch Harbor to Bristol Bay to Adak, those might be the three. Then if he wants a license for all the Q areas, St. Lawrence, St Mat, Norton Sound, whatever, then he's got that license he can buy or use.

LANCE FARR: Good morning. My name is Lance Farr. I started going to Alaska in the summertime in 1967; started crab fishing full time in 1974, and bought into a boat in 1981. I'm here today to give my view why an IFQ system would be better for the crab fishery than any other system. I have six points here, and the first one is safety for the fishermen. Recent studies and statistics have shown that crab fisheries in Alaska are the most hazardous occupation in the country due to rough-weather fishing, pace of the fishery and crew member fatigue. An IFQ system can alleviate greatly these hazards while license systems create increased pressures to fish harder. And, number two, conservation of the resource. An IFQ system creates a long-term attitude toward the resource by the fisherman thus reducing pressures to exceed the quotas. Selective gear can be more totally utilized allowing longer pot soak time thus reducing bycatch. Discards can be handled in a timely and more appropriate manner thus reducing handling mortality. A license system would result in a greater race for the fish, for the crab, and intensify these problems. Number 3, gear loss. Under an IFQ system fishermen would spread out on the grounds and reduce the concentration of gear lost due to the fact they don't need to be on the hot spot all at once. This would reduce gear tangles and buoy line breaking and pot loss thus reducing ghost fishing. Number 4: markets for the crab could be improved. An IFQ system allows fishermen and processors to coordinate the most opportune time to harvest the crab depending on the market and biological conditions. Crab can be processed in a more timely fashion allowing for full utilization of the crab for the processor and less deadloss for the shoreside delivering vessels. Fresh markets could be obtained with the ability to supply the market with consistent deliveries. Processors' costs could be reduced due to the reduction in pressures to run crab as fast as possible and reduction in the need for overtime and maximum crews. All these result in a better product at a reasonable price to the consumer. Number 5: enforcement problems could be lessened. As has been shown in the Canadian IFQ program, fishermen will be more cooperative in enforcement. Under an IFQ program a fisherman going over his quota is taking quota away from other participants as opposed to taking it away from no one in particular. This creates somewhat of a self-policing effect in the fisheries. A fisherman will be more apt to report violations. Costs for enforcing early fishing, season openings and gear storage problems could be reduced since only landings need to be monitored. Number 6: reduced overcapitalization and capital stuffing. An IFQ system would maximize economic benefit to the nation. License systems have caused fishermen to make costly investments in gear with equipment which made them leveraged and close to financial failure. An IFQ system would promote economic stability. I would like the Council to look at what system is best for the resource and I think you'll agree that an IFQ system is the best system. Thank you.

Questions from Council members

Pereyra: I'm interested in your statement that handling mortality would be reduced. Could you elaborate a little bit on that?

Farr: Under my vision of an IFQ system, we wouldn't need a pot limit anymore and we'd be able to let our pots soak longer, so if we're fishing for king crab, now with a 200-pot limit we have to haul them in a day and a half, and we haul up small crab that haven't had a chance to escape out of the escapement panels, so this is one situation where we wouldn't be hauling these small crab up and, who knows what the handling mortality is, but we wouldn't even have to bother those crab, they could stay on the bottom.

Pereyra: Do you think that there'd be better handling of the crab, the undersized, or the . . .

Farr: The ones that came up? Yeah, we'd be able to fish slower too. You wouldn't need to haul 50 and 60 pots an hour (or 15 and 16, couldn't tell from tape), you could slow down a little and take a little better care of your crab. It's always in your best interest to do that anyway, but there would be more of an incentive in an ITQ program.

MARK LUNDSTEN: My name is Mark Lundsten. I've testified before you quite a few times as owner/operator of a 70 ft halibut schooner; we fish black cod and halibut. I'm only temporarily coming before you in a new role, hopefully this is a short-term organization, but I've been hired for the winter until I go fishing in April to be the manager or director of the Independent Fishermen for Fair Quotas. This organization started last spring; there was some confusion this summer with the board and the manager and people didn't know exactly what was going and the public, I believe, and the organization has remained intact and I'm just here to tell you that we have a strong organization right now whose purpose is to promote the passage of IFQs for groundfish and for crab. The fleet in, as we call it IF "cubed," is made up of trawler/crab boat combinations, trawlers themselves, crabbers, some freezer longliners, and a factory trawler. It's an American fleet, the boats in the organization are a large part of the core of the fleets that have Americanized the groundfish in the North Pacific, and the basic tenets of organization originally were that historical rights should be the consideration to formulate an IFQ plan for all species in the North Pacific beside black cod and halibut. If I could briefly, I'd just like to reiterate what I think are the most important points that Lance just went over. In my opinion, I don't want to add too much more to the safety issue or the conservation issue except that a one-sided point of view on that to me is that as a skipper I know, and I think Lance put it pretty well, the whole problem, the real core problem with this safety conservation issue of open access fishing is the mentality of maximizing your time and your effort, not just optimizing it, but absolutely pushing every limit you can. I think Pete put it pretty well about heading out when it's blowing 60-75 with all the pots you can get on the boat and you're going to go anyway, and you do it every day; you get as little sleep as you think you can possibly handle and every decision you make in your operation you're trying to cut corners. Conservation is not the first priority; safety should be the first priority but often is given short shrift as we've all seen in the derby fisheries where there's just too many boats in too many fisheries where the pressure is just too high, and you can't tell someone don't think that way. If that's the way the seasons are set up, that's the motivation all the skippers have and everybody from the wheelhouse on the deck, the boat owners, everybody, is pushing as hard as they can. It's not responsible management I don't believe. Clearly another issue that we're facing right now, I would say, is that there are two coastal communities that don't get a whole lot of attention as far as how healthy they are, and they're the two main communities in the North Pacific fleet, Seattle and Dutch Harbor. This summer I went sword fishing as an experimental venture on my boat and I had to convert my boat for about a week in Dutch Harbor. I had the place to myself; I could get a mechanic, or refrigeration expert, the hydraulic shop was wide open, electricians, electronics guys, everybody was available, waiting for me. There's no business. The whole fishing community. . .and the same now in Seattle holds true. You can basically get someone to work on your boat within an hour's notice or a day's notice. Normally you're waiting a week or two. Boats are expensive and I would say, I mentioned to the AP, I think fishing economics are not trickle-down economics, money doesn't trickle down through fishing, money rolls down. It takes a lot of money to keep operations going, and guys aren't spending it. We're cutting back; we shouldn't be. A boat that's not kept up is not a safe boat; boats should be expensive. When you get out there and it's nasty conditions, you want a good platform, there's no question

about it. We're in a position right now where these two coastal communities are hurting. They're not getting the business they want. Technotherm just closed their office in Dutch Harbor this summer; they used to have somebody up there; now they don't. Just one example, latest that I've heard of. The other thing that I think is the most glaring management problem, and I've been on the other side of the table from the trawlers on this issue, is bycatch. Can anyone tell me how a VIP program or the program from that harvest priority program that was brought up earlier in public testimony, how those can work without having some sort of privatization or harvest rights based on an ITQ system? I don't see how license limitation will help the bycatch problem. You're still going to have the race for fish; you're still going to have the same incentives. In fact, it's going to be intensified with the license limitation system. I don't see how we can solve this bycatch problem and I would wonder if anyone's ever toted up the hours and the dollars that we have spent, some economist has ever studied, the amount of money the fishing industry has diverted towards trying to solve the bycatch problem with no real results except telling guys if you catch too many fish you're shut down, which is not good for the nation as a whole. How many times has the black cod resource in the Western Gulf been shut down and the fish just never harvested because we caught too much halibut? How many times have the trawlers not been able to catch codfish because they catch too much halibut or crab? How much are we wasting as a nation on this bycatch problem? IFQs is the only way we can get a handle on it. We don't think that Chris Oliver's chinese menu of options is what you should be considering. We think you should be narrowing it down. Some of our members have said that well maybe we ought to look at, at least consider the license limitation program. And, maybe that's what you want to do so you can consider, but we urge you to look at actual points of programs that will work for IFQs. We strongly believe that that is the only way the fleet can go and it's what we should do. As a member of the FOG committee I'd like to quote a, or misquote a fairly memorable saying that was given a few years ago that, Mr. Chairman, I think perhaps it's time we drive a stake through the heart of open access fishing.

Questions from Council members

Lauber: I'll never live it down, will I? They even use it against me. Thank you, Mark. Any questions?

Pereyra: Mark, you talked about the lack of business in Seattle, the lack of business in Dutch Harbor, that boats are cutting down, they're not spending money, it's obvious. How is an IFQ or an ITQ program going to help that particular situation? Is more value going to be generated in the fisheries? Is this what's going to happen? We're going to have more dollars being generated?

Lundsten: Well, I think what's happened is that the shipyards and all the support industries of fishing have followed a boom-bust cycle that we've had, and now they're following a downward spiral. What will happen, well, what we've seen in various IFQ systems around the world is that the fishing fleet that continues on after IFQs are instituted is professionalized which in my opinion means you don't

spend money you don't need to but you spend money you should spend. And I think that part of being professionalized is that there will be. . . things will be done that have to be done. You won't be cutting costs. You will be making sure that your vessel is completely sound and that is the way the fishing economy should work and the support industry should be there to keep the boats as they're supposed to be. Right now when there's a big rush and there's a good market for one particular fishery, and the prices are high and there's a good stock of fish, everybody's out there capital stuffing, making sure they get their share of that fishery. And then suddenly business is artificially swollen. People build up expectations of what they can make as carpenters, welders, whoever, and machine shops, and then that resource, market conditions change, or whatever, and suddenly all those people are on a bust; they have nothing to do, and we've seen that happen all over. What I think is a lot more reasonable is to have a core of. . . a rational sized fleet that is proportionate to the resource, with a support industry that's proportionate to the fleet, and it's much more stable.

Pereyra: One more question I have, Mr. Chairman. I'm really happy to see your organization continuing because I think that one of the biggest difficulties we're going to have is wrestling with the whole issue of what constitutes a fair and equitable allocation of these rights to rationalize the fishery. Is your organization going to be trying to develop some kind of a consensus to come to the Council with a consensus so that we don't have to wrestle with it here? Are you going to be able to do that?

Lundsten: We're trying; we're going to try. I think we'll be dealing with your organization; Joe Blum is aware of my position and I've spoken with him that I'd like to get some of our members back and forth, and we definitely want to have a program with all the major fishing organizations. The impetus for this organization was that for this issue there's so much. . . beside all the other fishing issues. . . all the other fishing issues pale in comparison to this one when you look at the full spectrum of what faces the industry and within the organization there's always somebody who has reservations about this or that and so on, and boards of directors and executive directors generally are not willing to stick their neck out more than the most conservative element of their membership. We've taken this issue, extracted it from. . . most of our members are American Independent Fishermen, Alaska High Seas, this new trawl organization, and Alaska Crab Coalition, and there's some in the North Pacific Longliners Assn. We've extracted this issue from those organizations so that we can focus on it, take the heat off those other boards; we're the ones, the fishermen in this organization, are the ones who are committed to it and we're trying to make it. We're a single-issue group without having to worry about the TAC in the Gulf or Bering Sea for anything, or any other particular fishing issue. I'm not. . . it's one of the reasons I can do this fairly easily; there's no conflict of interest for me as a member of Vessel Owners and also the director of IF cubed, which by the time I go fishing in April, my hope is that we will have handed off a program that at least is approved by these other organizations and we can disband.

Alverson: Mark, on your item C, it says 'we believe the process of Americanization is not yet complete and as such we continue to urge that American content/ownership be a consideration in the analysis.' Is this group going to be addressing those vessels that, say, were grandfathered under reflagging and are totally foreign-owned, in terms of allocations possibly of IFQ to totally foreign-owned entities, or. . .we have situations where there are foreign banks involved and could end up being owners. . .is that an issue that's going to be addressed by this group?

Lundsten: Yes. This fleet is an American. . .well, I think one of the reasons I'm familiar with this bunch is because they're the same guys that are in the same insurance pool I'm in, they go to the same shipyard, I mean. . .many of them came up into crabbing or trawling from halibut fishing. One of our original members used to own my boat. So, it's a similar fleet where there's a tradition of owner/operators; as the fleets have changed and expanded they've gone into crabbing and trawling; many of the owners have retired and their sons are running them, or running a business, and they're staying on the beach and have hired skippers, there's lots of those, but if it comes from the same sort of tradition that the vessel owners have basically been in and so the fleet's born in this country basically, it's a born-in-America kind of thing and that's definitely one of the priorities of this organization, is to recognize that, and to also recognize that historical participation.

Lauber: Thank you very much. Frank Bohannon? [already left meeting]

DAVID FRASER: Good morning, Mr. Chairman. For the record my name's Dave Fraser. I'm a trawler owner/operator and begrudgingly also a crab vessel owner, and a member of too many organizations so I'll just testify as an individual. Following up on Mark and being another member of the FOG committee, one of the first things that we did in the FOG committee is read about limited access systems around the world. The first thing that hit me is that nowhere around the world did anybody ever do anything proactively. They always waited for either a stock collapse or an economic collapse in the industry and tried to put the pieces back together. I guess we were naive in the FOG committee and made recommendations hoping for that sort of proactive approach. And I suppose it's human nature to be in denial in a lot of situations and a lot of members of the industry at that time were in denial and came to Council and said don't do anything; it's all going to be okay. There aren't too many in the harvest sector of this industry anymore who are in denial that open access doesn't work. There are a few that think that license limitation would work, but realistically, it's too late in the day for license limitation to have any impact, and fisheries managers know that and whether the industry in small part is still in denial about license limitation or not, you as fisheries managers have an obligation not to be and to recognize that the overcapitalization problem from which all these other things flow will not be addressed by license limitation unless you have such a radical program that you eliminate a lot of vessels from the fishery. And so, I would urge you to eliminate license limitation from consideration. It's only going to delay the process. Another element of human nature perhaps, is, we were talking last night, a few of us, about children and how children need to have limits set for them, and I think that the limits that need to be set for this industry to try to create some consensus to bring to you is for you to tell them that you as fisheries managers know that open access, trip limits, exclusive area registration, license limitation, is not going to work. The limits are go work for an ITQ system that will do it right and set those bounds and give staff a reasonable spectrum to analyze. And I'm not encouraging you at this time to remove any legal option from within ITQs. If you want to consider allocation of CDQs, if you want to consider allocation to skippers, whatever, direct allocation of quota share, harvest share to processors, you can consider it, I'm not necessarily for it. I would urge you to eliminate the one illegal option from the package. You have an opinion from the top in NOAA GC that says a two-pie system is not legal under the Magnuson Act. It's only stalling the program to have staff put further analysis into such an option and I think you can address coastal community concerns, you can address processor concerns, without going to a two-pie system. Besides the fact that it's illegal, there's no way to analyze its impact in any kind of quantitative way; the economic theory around it is entirely that--theory. There is no other system out there in ITQ systems that attempts this two-pie approach and you've got economists coming down all over the place on this, but one of the beauties of an ITQ system and one of the intended purposes of an ITQ system is to stop competition for the supply of fish, and in stopping that competition you stop people from taking safety risks and you slow down the fishery and allow people to behave in a reasonable manner. We as harvesters do not want that beauty of an ITQ system translated into, and that's exactly what we perceive processing shares would do, it would stop the competition for the supply of fish sold by fishermen, and I don't think that's what's intended. Once the fish are privatized the first time you have private property relationships that take over. Just in conclusion, Mr. Chairman, I know that you've got reservations to get out of here, but I'd urge you to spend the time to narrow the options. Thank you. [No Council questions]

KRIS FANNING: My name is Kris Fanning. I'm a member of IFFFO. I own and manage three boats that fish for crab in the Bering Sea. I'm here to testify in favor of IFQs. I'm in favor of IFQs for several reasons, but to save time I will talk about only one. The one reason that in my opinion is the most important, and that is safety. IFQs will stop the race for fish. License limitation won't. As long as the race continues we are not going to see a reduction in deaths or accidents. On September 13th of this year I lost five crew members; one mother lost three sons when the Nettie H went down. It was racing for the season opener. We are losing more people than is necessary managing the fisheries the way that we do. This must change and change fast. The more delays will cost more lives. It seems that safety is a good reason to narrow your options of comprehensive rationalization options. With IFQs captains won't race for the crab. They can make wise decisions as to when to go fishing, planning around weather forecasts as they should but can't. With license limitation boats will continue to go fishing no matter what the weather in the effort to get their share of the crab. IFQs will allow captains to fish at a slower, more reasonable pace. Crews will be more rested; accidents happen when people get tired and are forced to fish in bad weather. Another safety factor is that as the fleet consolidates as it probably will older, smaller boats, more marginal operations will be absorbed by larger, stronger, safer operations. I think that the safety consideration is being written in as a change in the reauthorization of the Magnuson Act. If so, IFQs would address this requirement. License limitation won't. Safety alone is reason enough to go ahead as fast as possible with the IFQ program. There's no need for crab to be the most dangerous occupation in the United States. That's all I have.

Questions from Council members

Pereyra: Previously there was a respondent who talked about the changes in insurance. Do you think that the insurance is going to become more manageable under an IFQ system?

Fanning: Absolutely. There's no question about it. The rate we're having accidents now, just like the one accident I had, it's costing these insurance companies an outrageous amount of money. Even with the high rates they've got I don't know how they make it. We've got to have fewer accidents in order to get insurance costs down. Insurance is one of our major costs; it's just getting out of hand.

Lauber: Thank you very much. Joe Blum? [Blum not present]

PAUL MACGREGOR and JOHN GAUVIN:

MacGregor: Mr. Chairman, I am not now nor have I ever been Joe Blum. . .

Mr. Chairman, members of the Council, I'm pleased to introduce to you today Mr. John Gauvin who is a new member of the AFTA staff. John is a resource economist who has joined us recently and will be working with us in connection with the comprehensive rationalization plan and other issues that we have involving the Council and I'm sure he'll be a familiar face to you over the coming months. We are here today to talk briefly about comprehensive management on behalf of the American Factory Trawler Association, and I think that we have touched on many of these issues before and I think consequently we can make our testimony fairly brief here this morning. First of all, it's obvious that this Council is at a critical juncture in its history. After 17 years we've accomplished the Americanization objective of the Magnuson Act and yet we have a fishery that's characterized by waste and discards, high degrees of bycatch, gear conflicts, allocation disputes, poor quality product, and hazardous working conditions for the men and women that participate in this fishery. It's not exactly what we had set out to design 17 years ago. We believe that these problems are purely and simply the result of the race for fish that inevitably results from an open access fishery and we believe that it's time for the Council to recognize that fact and get on with a program to develop a quota system as quickly and as expeditiously as possible and we're here to commit our time and energy and efforts and resources to assist you and the other members of the industry in that objective. AFTA presented to the Council some eight months ago now, at the April Council meeting, a comprehensive proposal for an ITQ program. The AFTA proposal was detailed, had 8 or 10, 12 different elements to it that we described how the system would work, what the various elements of it were; it included an allocation system that was based on catch histories of vessels with a weighting formula that recognized various degrees of Americanization. It was designed to incorporate and, as I say, recognize the participation of the various elements of the fleet over the years that participated in this Americanization process. We believe it's a fair and equitable approach to a quota system and we have begun discussions with the various other major players in this industry in the hopes that using the ITQ approach that we've proposed in the AFTA format that we might be successful in developing an industry-wide consensus position that we can bring to you and present to you in a way of expediting this process. I'm hopeful that that will happen. In the meantime, it's our position that you should go forward as quickly as possible with an analysis that would keep this program on track and help us be in a position to implement a quota system by the 1996 deadline that we're working against. I think with that having been said I'd like to turn this microphone over to John for a moment. He has some technical comments about the analysis.

Gauvin: Mr. Chairman, I understand the demands on the staff time for the Council. I've been in that position myself not too long ago, but I do want to bring up a few issues related to our information needs as an industry as we approach comprehensive rationalization. I applaud the

Council in developing a quota share allocation model. I think that's a useful tool for the industry and I encourage the Council now to restructure the model, to fix some of the problems that we have with it, the technical problems of weighting data and such, and to develop the model such that some of the new alternatives in front of the Council can be evaluated through that quota share allocation model. Specifically, some of these exclusive criteria where you have eligibility based on a subset of years and then catch history going back farther than that. I think that's important for us to understand the implications of what the Council is evaluating. I also think that it's rather important that the Council make staff time available to building some of these new data approaches into the quota share allocation model. We're evaluating fish ticket data, observer data, and now on a retained-data approach. I think those will be important and have different implications; they should be in that model, and I know that will take some staff time but that's quite important. Right now all you have is PacFIN data and that's not necessarily. . . I think that everyone agrees that PacFIN data is probably not the data that would be used. I think the importance of the QSAM model is sometimes misunderstood, or there are some misconceptions. People think that the industry can go home and figure out what their share is going to be. I think the real importance of that model from our point of view is to sit down with other industry groups and to build consensus on approaches, groups of years, and things that we can say, 'look, it's not perfect for all of us but we can live with this,' and that's the value of that model to us. Another analytical note, and again I speak from experience here, I think the Council before it goes forward with this options paper, if you will, with license limitation, open access, and ITQs, either all of which or some of. . . a system of concurrent ones, I think it's important to stress that the net benefit implications of having these concurrent systems are rather different than just simply taking, well, half ITQ, half license limitation, and divide the benefits. I want to stress that the analytical demands on someone who approaches the problem of an ITQ concurrent with license limitation will be very, very difficult, and I would highly recommend that you seek additional analytical assistance and probably some more refined modeling ability in this because I think you're looking at something that is not easy to analyze and involves much different implications than has been considered thus far.

Questions from Council members

Rosier: John, the question, are you and the work that you're doing on this, are you taking a look-see at assessing the benefits of rent payments or receipt of a free resource here?

Gauvin: Yes, in some of our discussions with members we're evaluating the issue of rents and what we see as having a policy to provide good information to the environmental community on what exactly rents are given that you have a very over-capitalized fishery now and that making that transition will be difficult.

Alverson: On that question, I know I've been asked that in terms of the halibut-blackcod issue. Have you looked at the amount of capital that the industry may have to buy itself out of to get back

to a rational position, and the reason I ask it in that way is that they may initially be getting a free share of the resource. You're not asking for a public subsidy from Washington, DC to buy your industry back to a reasonable level. . I would imagine easily a quarter of a billion to half a billion dollars may have to be expended by the industry to get us back to a rational level. Have you looked at what those costs might be to industry, to get us back to sanity?

Gauvin: I'm in the process of doing that. I think sometimes people look at the overall benefits of an ITQ as a rational system but I think economists sometimes forget the what we call pathway problems of getting there and that's this transition, and there's really a question in my mind sometimes whether we can move to this efficient point with all these transition costs and that's why the initial allocation is so important. It grossly changes the amount you're catching and you have to acquire so much to get to even where you were, these pathway problems become enormous.

MacGregor: If I may comment just a moment here. John has just barely unpacked his suitcases and he has moved from the East Coast where he was intimately involved in the development of one of the first IFQs programs ever implemented by NMFS, in the wreckfish fishery back east. He's very facile with these concepts and these issues. Questions of economic rent, and overcapitalization are very familiar to him and hopefully his participation in this process will facilitate AFTA and the Council as well in dealing with some of these very complicated issues. We're very glad to have him with us.

BOB WATSON: Good morning, Mr. Chairman, members of the Council, my name is Bob Watson and I'm here to speak on behalf of "IF cubed." We've got several points that seem to be common denominators here. It sounds a little repetitious, but being they are common denominators it probably has a lot to do with why we back this system. We think it's the only system that reduces participants in an overcapitalized fishery. We also think it would be the only system that is self-funding to reduce these participants. Two of the biggest reasons why we back this system, and these are the common denominators that you've already been hearing this morning from everybody else, are the safety and the conservation. And it's interesting that the safety also goes with the conservation in our particular fishery, the pollock fishery. Right now there's a race for fish; we're only going to get so many trips, you've got to maximize every one of them; we stuff the hell out of the tanks. Stuffing the tanks, the cannery or processor gets a poor product, the economic return to the nation is poor. Everything goes hand in hand. At the same time, stuffing those tanks, the boats are all violating letters of stability in many cases. Usually the last trip of the season, O.K., it's O.K. to deck load, bring in as much as you can and if you've seen some of those boats when they come into Dutch Harbor, it's criminal, and we're probably one of the offenders also. In the bycatch and conservation, a fisherman under an IFQ or ITQ system will fish cleaner to make the most of his quota, to optimize his return. He'll have the ability and not be under a time constraint where if he needs to move and prospect and go to different grounds he can do it. Individual accountability will be in place and will force the operators to be clean, be efficient, and be safe. I really think that we need to narrow the alternatives, bite the bullet, whatever, drive the stake, but get it on and move down the road towards the rational management of these fisheries. Thank you.

Questions from Council members

Pereyra: Are you committed to creating consensus among the industry to get us there?

Watson: Oh, you bet, whatever it takes.

ROBERT CZEISLER: Hello, my name is Bob Czeisler. I am here speaking as a member of the IFFFQ, and here to testify in favor of a IFQ program for all groundfish. Now, as some of you know, I became involved in this industry through Pete Harris back in 1978 when he was at NEFCO. He and New England Fish Company were a major driving force behind the enactment of the Magnuson Act. Pete had an evangelical zeal toward Americanizing the groundfishery. He convinced me that it was my patriotic duty to help Americanize the groundfishery. He introduced me to Dave Harville and we built the Margaret Lynn back in 1979. We were one of the first groundfish boats in the Gulf. Kodiak was our base of operation and we delivered to his operation in its many iterations until he died. We also delivered pollock to foreign-owned motherships in the Gulf of Alaska and the Bering Sea. I then met Walter Pereyra and he said we had to go the next step of Americanizing the processing of pollock. He convinced me to join with other American catcher boats to form an organization that bought a container ship and converted it into the Ocean Phoenix. What I'm here to testify about is a concern about one of the alternatives before the Council and that is the two-pie system. The members of the IFFFQ share the goals of Americanizing both processing and harvesting of the fish and we are very concerned that one of the alternatives would be a severe set-back for the goal of Americanization of the fishery, the so-called two-pie system. Under that system, foreign-owned plants in Dutch Harbor would receive a processor allocation; American harvesters of pollock would be compelled to permanently sell their fish to foreign-owned shoreside companies. Isn't that just the opposite of what was intended under the Magnuson Act? I believe the two-pie alternative should not be studied. If it is, then the issue of foreign ownership of shoreside plants in the Bering Sea must be thoroughly investigated. When the inshore-offshore analysis was done, Council staff said they didn't have time to study this issue. Now is the time to do so. I'm also here to urge the Council to eliminate license limitation as an alternative, at least in the pollock fishery. Besides what's been testified to, and I'll just briefly go over things that have already been talked about, it has four flaws as I see it. First, it doesn't eliminate further overcapitalization which has already been testified to. The other is that it does not increase the value of the pollock fishery as a whole. For example, in the pollock "A" season the gun goes off on January 20th. There's a race to harvest the fish, regardless of whether the fish have mature roe or not, thus we are not getting the maximize value of the pollock fishery in violation of one of the goals of the Magnuson Act, which is to maximum the fish. If there were an IFQ program, then each fisherperson would be seeking to maximize the value of his fish by targeting on pollock with mature roe when that roe has matured for that fishery. Third problem I see is that it doesn't effectively deal with the bycatch and discard problem, but that's already been testified to and so I'm not going to go over that. Fourth, it fails to eliminate the flooding of product that goes on. When American pollock was harvested year-round, American surimi commanded the highest price of all surimi produced outside of Japan. Since the pollock fishery has become a pulse fishery, the huge flood of American surimi on the market has caused American surimi prices to plummet so that we rank on the bottom, just above Russian surimi. License limitations will not change this. The kamaboko buyers are now just waiting until the first seller of American product gets desperate enough to drop its prices, then they just start picking us off one by one. As a consequence, the price that a kamaboko buyer of surimi is paying has dropped

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in half in Japan. Yet the end user, the Japanese consumer has seen no drop in price. . .through most of 1993. Even now, the price to the end user has dropped only a few percentage points. In sum, the shift of the economic profits to Japan will continue in the pollock fishery if we adopt a license limitation for that fishery. The safety issue has already been addressed so I'm not going to repeat that; I know you're pressed for time. All I want to do is to urge this Council to act quickly. We are all now suffering under the present system. Seasons are shorter and shorter. Boat owners are forced to put more and more capital into their boats just to maintain their same catch share from the year before and now are unable to pay for those improvements. Under the present management system processors are paying more to communities who are given fish quotas for uncaught fish than they are paying to fisherpersons who catch the fish, preserve it according to exacting processor specifications, and then transport the fish to the plant. If you were to tell an outsider that this is the present management system they would not believe you. Unfortunately, it's true, and it must be replaced by a better system that gives catcher boats the ability to obtain the best price for their fish and to ensure their economic viability. Thank you.

[No Council questions]

THORN SMITH: Good morning, Mr. Chairman. I'm Thorn Smith with the North Pacific Longline Association. We've been watching and participating in this process that we're discussing today. Recently our Board of Directors had a meeting and came up with some points that they asked me to convey to you. First of all, with respect to the development of an ITQ or IFQ plan, if we do continue down this road and do develop one, our guys feel rather strongly that they would like to be informed as to how much quota share each individual participant is going to get some time before you folks make a final decision on the plan so they know precisely what the sticker shock is going to be. Another concern they have is that they would like to have some way to calculate the additional fees and costs that will be applied to them as the result of the adoption of any IFQ or ITQ plan. The third point is that we would definitely like to see some sort of a simple license limitation alternative analyzed as you go forward, one stressing recent participation and with a minimum of things like vessel size limits and so forth, and we strongly feel it is not time to eliminate that alternative, that you need to perform an analysis before you consider which direction you're going to head. We're certainly going to participate in this process as positively as we can, and we look forward to your further activities. I'll answer any questions you might have.

Questions from Council members

Pereyra: Thorn, it's the same question I asked Bob Watson. Is your organization committed to trying to reach consensus with the other members of the industry?

Smith: Well, we're certainly going to participate in a positive way, Wally, we're not committing one way or the other at this point. I think if I had to characterize. . .we've got people across the whole spectrum on this thing. I think if the guys have particular concern I think it's that when we finally get down to it there are so many belying up to the bar on this deal that the individual quotas that they're issued may be too small for them to continue operating. Most of them are convinced that they don't have the financial wherewithal to buy more shares and are afraid they'll get pushed out of business and that the only survivors will be the big guys and the foreign interests. So, we're going to see how this thing will work out and we'll certainly try to reach a consensus and participate as positively as we can.

WILLIAM MYHRE: Thank you, Mr. Chairman, and members of the Council. My name's Bill Myhre and I'm here today on behalf of the Coalition for Stability in Marine Financing, a group of vessel creditors, lenders, and vessel owners who share a common concern in the preservation of the credit worthiness of their vessel assets. Our concern is with one of the options that the Council adopted, or that was proposed at the last Council meeting for the implementation of the crab and groundfish IFQ plan. The October newsletter that was published reported that the Council had decided that the initial quota share will be awarded to current vessel owners and then suggested a couple of alternative options for defining what is a current owner. The first took a retroactive look back to June of 1992, that's Option A, and the second option would define the current owner in a prospective way, at the date of the implementation of the IFQ plan. It is the concern of our group with Option A, the retroactive implementation date and the unforeseen consequences that the adoption of this date could have by retroactively separating a fishing vessel from its fishing rights. Because of the immediate uncertainty and instability that that option could create, we support the deletion now of Option A at this point and ask the Council to adopt Option B, the logical and fair choice. The problem can perhaps be best illustrated by a simple example. Take for example Frank Fisherman who was going to buy a vessel back in 1992. He has contracts to buy a crab boat in July 1992 from Sam Seller. He uses his local broker, uses the standard form contract that he has used over the last 20 years in the business. He pays the full market price and he purchases the vessel. He's aware of the moratorium date because there's been a lot of publicity about that, and checks out the vessel to be sure it qualifies under the moratorium. The implementation date, the June 1992 date, of course hasn't yet been published. That's going to be in the Federal Register in another year. He operates the vessel in 1992, 93, 94, and then the Council adopts an IFQ plan for the crab fishery with Option A, that retroactive reach-back date. All of a sudden Frank can't fish any more. Why? Because he doesn't have any fishing rights. Who's got them? Sam's got them. Now, maybe Sam's a nice guy and is going to give him the fishing rights. But, Sam's a fisherman too and my guess is he's going to ask a price for them and I'll bet it's not going to be cheap. Now Frank could consider himself lucky under these circumstances because Sam's alive and Sam's around. Sam could be a corporation that's no longer in existence that couldn't convey those rights to him, or someone would simply be unwilling to. There are other circumstances where you would find a transfer of the vessels between 1992 and whenever the plan is adopted that could have a similar result. I don't need to tell you guys about the economic state of the fishing industry and people have undergone all kinds of transfers or changes in their ownership to accommodate the economic stress in the industry. They've brought on new partners, jettisoned old partners, restructured into different corporations, entered into a relationship with a CDQ community, for example, transferring the vessel to a joint venture. That's a transfer after June of 1992 and could have an impact on the fishing rights. There are unintentional business transfers as well. What if one of the partners dies, or you and your wife are separated or divorced. These are transfers of ownership that could trigger a separation of the fishing vessel from the rights. And, of course, the most unintentional of all is a company that goes into bankruptcy. Here the vessel is going to be conveyed pursuant to a Marshall's sale. Now, normally a purchaser under a Marshall's sale could have some comfort that the vessel is being sold free and

clear, but as the old admiralty cases will tell you, the hull is scraped clean of its maritime liens and encumbrances. Well, in this case the hull's going to be scraped clean of something else--its fishing rights and that perplexed buyer is going to find that he has a vessel without the right to fish and you've got a court that may not be able to convey these rights. After all, they're not in existence yet, the IFQ plan has not been adopted and an bankruptcy court may not even be able to convey those even if they wanted to. If these complications sound familiar, of going back and unravelling the ownership structure, they probably should because the Council already looked at similar issues in deciding in September that the quota share should be based on the vessel's history and that you shouldn't go back and try and unravel the myriad of ownership arrangements in the past. Apart from the basic fairness issue here, the real issue is the profound chilling effect that this is going to have, and even the consideration of the retroactive option, on marine financing. The notion that a vessel can be retroactively separated from its trading privileges, be they foreign trade, coast-wise trade, or fisheries, is enough to make any lender, creditor and vessel owner apoplectic. As long as the option is out there, there will be an adverse impact on marine financing, unless you own your boat free and clear and you conduct your business on a cash basis. Otherwise your lender and your creditor are simply a fact of life just as the mortgage lender or the guy who holds the note on your car. Any effort at comprehensive rationalization planning must and should take into account the impact on the trade creditors in the lending community. They're as much a part of the fishing industry as the crew and the vessel owners. Unless the retroactive date in Option A is put to rest, every creditor and every lender who relies on the value of the vessel must undertake a new credit analysis of the fisherman and apart from an occasional windfall benefit to the Sam Sellers of the world, it's not going to be good news for anyone as everyone scrambles for additional collateral to improve their position. I don't think anyone's immune from this situation, even a shorebased processor who has receivables from the vessel in question, would be undergoing a new credit analysis by his lender to determine whether affected vessels are involved and it's impossible to tell At this point. You can look back and see which vessel which might have undergone a transfer since 1992 but there's no way to predict which ones might, voluntarily or otherwise, undergo a transfer between now and the date the IFQ plan is implemented. Over the past few weeks I have talked to a number of people in the financing community and everyone agrees that Option A, the retroactive date, should be eliminated, from Ed Crane at SeaFab to Key Bank to SeaFirst to Production Credit in Oregon, to the Bank of California, to the National Marine Fisheries Services Fishing Vessel Obligation Guarantee Program in Washington, Net Systems, Inc., Caterpillar Financial, even the National Marine Bankers Association. They don't have any interest in this fishery but they're concerned about a precedent where a vessel's trading privileges are retroactively separated from the vessel itself. You've heard a number of fishing groups today support Option B, and of course the vessel owners themselves, those guys who are affected by this. We applaud the Council's overall objective here and it is an enormous task. We only ask that as you embark on this process and this mission of comprehensive rationalization planning that you not ignore the realities of the marine financing community for to do so cannot help but frustrate that very objective. We urge you to take the first step today by eliminating Option A, the retroactive date, from further consideration.

Questions from Council members

Pereyra: Bill, back in the first part of your testimony you talked about what happens when a vessel goes into bankruptcy. Now we're seeing some shaking out of our industry right now which you're probably aware of and there are vessels going through bankruptcy. You mean to say that if a vessel goes through bankruptcy. . .for example let's say the original lender was a foreign bank, that foreign bank then takes the boat through Marshall's sale, during Marshall's sale it's stripped clean of its encumbrances and these retroactive rights to quota could be an encumbrance that the bank could hold on to even though they sold the vessel off to an American fisherman?

Myhre: It depends on whether the bank attempted to get the rights in the first place, whether they have them and whether they're part of the debtor's estate that goes through the bankruptcy. In some cases they won't be. If the bank or the lender attempted to get them, then depending on how effectively they captured them they would be part of the debtor's estate. Although in a bankruptcy situation it's going to be difficult because right now, at the present time, the plan isn't in effect. Those rights really don't exist, it's a prospective intangible in the future. So, I don't think a sophisticated lender is going to attempt to get a pledge or assignment of these rights up front and when they go into the bankruptcy proceeding they'll be part of the debtor's estate.

Pereyra: But if the former owners of the vessel are not able to pay the, whatever the encumbrances are, say it's a loan that's due, why wouldn't the bank then attach that as part of the final settlement through the court?

Myhre: Attach the quota share?

Pereyra: Yes.

Myhre: To the extent it's in existence, sure. But right now it's not.

KATE GRAHAM: Mr. Chairman, members of the Council, I'm Kate Graham, Executive Director of American High Sea Fisheries Association. The statement that Helen is passing out to you is one that you've seen before. I left some extra copies for everybody else back on the table back there. You were presented with this statement back at your June Council meeting by the IFQ cubed group. It's a statement that was agreed to by a number of fishing associations. I believe AFTA signed on to it, American High Seas, American Independent Fishermen. We had a general membership meeting this week and the members took another look at this statement and agreed that they still think that this is a reasonable approach to take to ITQs and so they asked me to present it to you today just as a reminder that this is still the way we think this program ought to be structured. I would like to take a few minutes to go over one more time a basic tenet of our approach to ITQs which is with regards to catch history. I'd like to remind the Council that the members of American High Seas are all part of the joint venture fleet. These guys were out there right from the beginning. They took enormous risks that these days with the present incredibly lucrative, well, potentially lucrative, state of the fishery can't be imagined. Back then, all the fishing was done by foreigners; all the processing was done by foreigners, and my guys were the first to invest what was then an enormous sum of money into a boat without really knowing if it was going to succeed. The Magnuson Act had only just been passed. There was no real precedent to see for sure that this was going to work. They put up their houses as collateral, they scraped together the money in whatever way they could, and they invested in a boat and an operation that nobody knew whether it was going to succeed. What they did was to prove that Americans can do that fishery. Up until that time the foreigners claimed that no American could possibly do those fisheries. No American could learn to trawl midwater. That was their claim; we showed them that we could do it. It was because of what my guys did that the factory trawlers were able to see that that was an opportunity for them to invest, but they wouldn't be in that fishery if it hadn't been for what my guys were doing. It's because of the catcher boat fleet that we now have the really dynamic shoreside processing sector that we have now. Otherwise they'd still be sitting there doing their crab and salmon and that's it. But those guys have the opportunity to really work that groundfish fishery, the shoreside processors do, and they do because of the catcher boats. I think that those are important things to remind you of as people keep telling you to simplify, simplify. It's important for you to recognize the way this fishery has developed and to see that those catch histories that those guys have deserve to be recognized because without those catch histories we wouldn't have this fishery. It wouldn't be in the state that it's developed, it wouldn't be Americanized. I would just like to see that you not respond quickly to those who say it will be much easier if we just use 1993, those are the guys that should get it, that there should be no reward for having taken those risks, no reward for getting out there first and learning how to do that fishery, no reward for taking a cut in the quota that the guys took when they made the switch from delivering to a joint venture operation to delivering to a shoreside operation. There were significant risks that people took at that time and I think it's important that you acknowledge those risks. Thank you, Mr. Chairman.

Questions from Council members

Pereyra: Kate, I notice in your item number 2, I would assume then that in that particular item you are in agreement with the previous person who was there, Mr. Myhre, who wanted to see us select Option B and eliminate Option A, which would be the prospective. . .

Graham: It's my understanding that that's what their intent was, yes.

VINCE CURRY: Good morning, Mr. Chairman, members of the Council. I'm Vince Curry on behalf of PSPA. I have here with me Joe Plesha with Trident Seafoods, one of our member companies. Helen is passing out to you a document entitled "Utilization Shares ITQ Program" and I'd like to introduce that document to you as it's one example of an allocation scheme based on allocations at the harvesting level that would maintain balance and prevent creation of competitive disadvantages between sectors. Principally I'd like to use that as an outline for some of the comments I make here this morning. I note that to start the utilization shares ITQ program is consistent with, in our belief, the NOAA GC opinion that you had I believe at the last meeting, as well as the AP recommendation on page 7 of their report to you, paragraph 3 which regards allocations based on harvesting shares. My first point, however, before I go into the utilization shares ITQ program is that we believe it's important the Council at this juncture keep its options open. So for that reason we support continuing analysis of the harvester share-processor share system, the two-pie formula with the harvester share allocation formulas, one of which would be this utilization shares ITQ program, license limitation for groundfish, we would urge that include consideration of some sort of buy-back program. For crab, we would like to see that you give equal treatment to both license limitations and ITQ programs and that we leave the meeting with a clear directive that at this juncture the staff would need to look at these various alternatives. And, there are several reasons for this. First of all, comprehensive rationalization for the North Pacific groundfish fishery is probably the most complex allocation undertaking that you will face. There is no generic ITQ system that's appropriate for the individual fisheries. You're creating your own unique design. So, in order to select between alternatives we believe it's imperative for the Council to have an informed basis upon which it can make judgements as to what systems, proposals, should be taken out of the mix. In order to have the informed basis you need to know answers to a number of things: what are the distributional consequences in terms of the system that you might impose; what are economic consequences to the various current players in the fishery, as well as perhaps what are the economic consequences to those who support the industry in their various capacities in business; what are the social impacts by virtue of giving a privatized right of the fishery to various sectors, and finally, what are the ecological impacts of an ITQ system. There's a hundred different ways that you can put this system together. You need to ask yourself questions - Are we institutionalizing waste in our system? Are we rewarding past improper acts? How can we improve that aspect of our fishery? All that, we believe, needs to be in front of you in some degree before you can start to make reasonable decisions to cast out alternatives and that criteria is not presently before you. We don't anticipate it has been available in prior meetings either. Now, whatever choice is made we urge that you make a choice on the basis of preserving fairness and equity as we move and transit from open access to privatization. You should not create artificial competitive advantages or disadvantages between current sectors that compete with one another, and we believe that that needs to be a paramount standard as part of your decisionmaking process. Another point I'd like to make regards present industry discussions. There's been many questions imposed, are you willing to continue to work together with other industry sectors to try to come up with some consensus, and yes, we are and we have been. However, there is a significant concern that's developed that I'd like to point out to you

and ask you to consider carefully. And this concerns what seems to be a newly emerging technique by the National Marine Fisheries Service of partial approval or partial disapproval of some of the major allocation schemes that have been developed by Councils here along the West Coast. The question I'm receiving is, we can participate in serious discussions with other members of the industry, hopefully take a package to the Council that the Council will deem gives them some appropriate guidance, and the Council can come up with a decision and send that forward and then the question we ask ourselves is, will there be substantive changes sent back to us in industry, sent back to the Council, that will completely turn on end some of the fine points on which we reached agreement. And I think it's a significant issue, one that some in the industry may not have thought of, but I think it deserves some consideration here and some discussion. With respect to the utilization shares program, I'll simply indicate that it would include all of the major sectors in the industry the harvesters, the offshore processing sectors as well as the onshore processing sector. Significant points in it are that we should only give credit for ITQ shares based upon retained catch and catch used by processors. And finally, I'd ask that prior to any final action by the Council that you insist on a number of things so that we will be able to adequately measure what the impacts are going to be to the operators in the industry after approval of an ITQ system and those two questions would be to know prior to final approval by the North Pacific Fishery Management Council of any ITQ allocation plan, what the amount of quota share will be for each participant. And we've heard some discussion here today that the QSAM program is not an appropriate tool for that, so I think that's an issue that needs to be addressed. Secondly, we feel there should be disclosure of the costs for management and enforcement of this system prior to the Council taking final approval of a system. You may hear some protests that that's not readily available, that that isn't something that can be easily done, but it's a significant question, one that enters into the determination of whether the system will have a positive effect and we'd ask that the Council request that information. Thank you, I'll be happy to answer any questions.

Questions from Council members

Pereyra: Vince, as you're aware, some of the discards are purposeful in the fisheries, some of them are a result of regulations, species going to prohibited status, for example. How does a shoreside cod boat, for example, how does he operate at the get-go if we don't allocate to him also the pollock and maybe some of the other species that he is routinely discarding for market reasons or otherwise? How does he operate; he only has a small. . .it doesn't include all the fish that he routinely catches.

Curry: Part of our proposal, Wally, is that this Council needs to set a goal so that we have use of those target species and I think that that's the ultimate answer here and one that I hope the Council will take up at the January meeting so that it can be incorporated into an ITQ program. I don't believe it's going to be acceptable for the folks offshore or boats that are delivering onshore to continue to discard marketable species.

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Pereyra: That's fine, but that doesn't take care of the fellow who's got the small cod boat who just starts out and all of a sudden finds out he doesn't have enough to take care of the things in his basket which he routinely catches.

Curry: I'm sure the Council's going to address that and come up with the correct proportions, and they have data that the agency can supply on what the reasonable bycatch of those species would be. The important point is you get to the task of using that resource more fully throughout the industry.

Alverson: Vince, as these concepts begin to take form and get a little bit of meat on them sometimes they get a little more complicated. Could you explain to me under this, it says "basic system." I don't understand how harvesters, why they receive both processing shares and harvesting shares and processors receive the same, something's not clicking. Could you expand on that concept?

Curry: Be happy to, Bob. The basic system recognizes the reality that in order to really make any use of the resource there are two necessary steps involved, the harvesting of the resource, and the processing of the resource, that those sectors are already in industry, that's the basis by which we do business, and yet the utilization share would grant to the harvester components of each in proportion to the quota share that he'd receive; processors will presumably share at the harvester level but based on utilization shares, again receiving a harvesting and processing component, if you will, and there would be an exchange between the harvester looking for a processing market, the processor looking for harvesters, presumably the processor giving his harvester share for use by the harvester, the harvester using his processing shares with the processor. We see that as a system that would set up some stability, allow hopefully a negotiation of appropriate and stable prices between the fisherman and the processor, and allow then the comprehensive rationalization, if you will, down to fewer players based on the marketing of those shares between one another.

Alverson: Just sort of an example. Boat A receives the equivalent of 100,000 lbs of cod under whatever system we gerrymander up, how does he interact with a processor; let's say he's not a catcher-processor, he's a harvesting type boat. How does he function then?

Curry: Well, he's certainly shop around the. . .first of all, the ability to harvest that 100,000 lbs if you will, looking for a processor that would want to be able to process that amount. The interesting thing here is that the processor has, let's say, 20,000 lbs of cod; they enter into some sort of agreement to determine the value for what they both have to give for one another so that harvester walks away with 120,000 lbs of cod that he's able to harvest based on his own grant and the agreement he's arrived at with the processor, and the processor has 120,000 lbs of cod that he can process, again based on the negotiation that is, in this case, very even-handed so that they can determine what the price will be for that total exercise. It develops the inter-dependence and essentially puts people on an even basis to come and negotiate because they both have something the other one wants.

Alverson: Now, if I'm a catcher-processor and I have that 100,000 lbs, I don't have to go to anybody but myself.

Curry: And that's the reality of what we have today, yes.

Pennoyer: So, both of them would end up with more cod than either of them ever had before. How does that play out against the total TAC? At what point does it stop?

Curry: You allocate only in an amount sufficient to do the entire quota. You're going to have to do that under any ITQ scenario in any event. One of the things that I've heard in testimony already is there will be a surprise if we just do an ITQ system at the harvesting level people are going to find out they don't have as much as they thought was coming, so that's true of any system. You're going to be limited simply by the quota that's available to you. This system, again, recognizes the reality that in use of that quota it's both a processing and harvesting exercise and you're distributing it amongst the various sectors that are now in the industry.

ARNI THOMSON: Good morning, again, Mr. Chairman, and members of the North Pacific Council. Just before I start, I would like to thank you for holding this meeting here in Seattle. I'm sure we'll have a better hotel next time. . .put me in charge and I'll make sure of that. No, I'm sure that there was a reason for the problem and we look forward to seeing you down here next September, as I understand you'll be here then. I'm here to testify on behalf of the Alaska Crab Coalition in terms of the comprehensive rationalization program. We have submitted two proposals, one for license limitation and one for IFQs for crab fisheries. We submitted those almost a year ago, in January of '93, and we continue to remain involved in the process; we have you might say ongoing discussions within the association and our board of directors about the direction we're going. We did have a meeting with PSPA to talk a little bit about those options, too, and I imagine we'll have further discussions with them in terms of where we're going to about comprehensive rationalization of crab fisheries. I might also add that we are having discussions with Jeff Stephan of United Fishermen's Marketing Association, so hopefully the industry will get something figured out. I'd like to make a few technical comments about the proposals as they're presently structured, that is some recommendations. And, first of all, under the definition of "current" in terms of initial qualification for either quota shares or for a license, we would recommend Option B, define "current" as date of final Council action. We would also like to recommend under the eligibility criteria that there be a recent participation requirement such as under initial quota share, under qualification, Option B, "vessel must have fished in three-year period prior to June 24, 1992 or date of final Council action." We think that should also apply to the license limitation program. And while I'm on that subject, I'd like to point out that in the crab license limitation program criteria for eligibility the option of qualifying by having made a landing between January of 1990 and June 24, of 1992, the date of the moratorium, has been eliminated. So, essentially I think that it should be reinstated in this analysis because the two options as stated, Option 1 and Option 2 under criteria for eligibility, January 1 of 1978 through December 31, 1993, or 1990 through December 31st of 1993, are expansionary options, so I would recommend a option of January 1990 to June 24, 1992 be included because it's more restrictive, and I think the Council should take a serious look at it as that is part of the quota share analysis. Also, looking at a few other things under the license limitation option, the ACC has recommended in its proposal that there be licenses for each species, that's for each registration area. The State of Alaska Commercial Fisheries Entry Commission has very detailed historical records by vessel name and license number for each of the crab registration areas that UFMA pointed out and if you allow, say a license for combining a couple of areas or, for instance allowing a combination license of Area T and Area Q, all the registration areas in Area Q, then you're going to increase overcapitalization in those smaller fisheries, i.e., the Pribilof king crab fishery and St. Mathew king crab fishery, Norton Sound crab fishery, of course depending on which way that situation goes. So, we think individual licenses based on those registration records is the way to go if you want to try to somehow limit overcapitalization instead of increase it in a license limitation program. We also support those options, suboption A and B, licenses for catcher and catcher-processor operations, that way you'll freeze overexpansion in either category. And, suboption B, vessel size categories, I'd like to point out that the ACC, some of our fishermen brought a recent recommendation to us asking us

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to consider this and we're going to be reviewing it at our annual meeting next week. If you're going to limit overcapitalization through a license option in the crab fisheries it needs to be linked to gear, the number of pots. The State of Alaska has pot limits in effect and we would recommend that vessel size categories be linked to the existing vessel pot limits program in the BSAI areas, and in addition to that, that an overall cap be put on the number of pots in each fishery. We haven't really had time to write this up yet, but it would basically be included in that suboption B under licenses, of just tying those vessel categories to the existing pot limit program and this would start the movement under a license limitation program if that is to materialize, and create a reduction program. One final idea that has been proposed along that line and I by no means will try to claim credit for it, is to set the pot limit thing upon individual transferable pots and this is not a way to slide in an IFQ program, this is just, it's been done in a few areas, particular Florida, but the pots can be leased or sold. If somebody wants to use more pots, he's a qualified licensed vessel, then he can buy them or lease them. But under a overall cap for each fishery you're still somewhat protected from increasing the amount of gear in that particular fishery. And that's my comments, Mr. Chairman.

[No Council questions]

STEVE HUGHES: Good morning, Mr. Chairman. I thought Arni's testimony was pretty good but he seems to have offended the whole side of the table over here. . .Mr. Chairman, Steve Hughes on behalf of United Catcher Boats. I've been asked to indicate to you that about half of our members have been involved in this process through other associations previously, about half have not. We're in a mode of getting everyone up to speed. This is the issue that we're going to be taking up with the highest priority in the next two weeks. We have a little catching up to go here but we want you to know that we're very much looking forward to being a player in this process and we will be working very proactively with all the other industry groups to see if we can arrive at some consensus. I have one point that I'd like to raise. On page 3, under the initial quota share calculations, I was very surprised at the bottom of that page to see option A, which is "allocate Pacific cod quota share at 45% for fixed gear and 55% for trawl gear." I think this is totally inconsistent with everything we've talked about. We've always talked about this system as being one that fishermen would have the flexibility to qualify for quota share regardless of what gear they used and once they got a quota share they would be allowed to use any gear that they could most economically use and in turn perhaps reduce bycatch or whatever the case may be. But this system is supposed to be based on flexibility and to make a split like this first, I think, is inconsistent with all those discussions, so I don't know where this came from. Also, Mr. Chairman, I think at our very difficult decision that we made on allocating cod between fixed and trawl gear, I'm quite sure that there was substantial testimony by Council members in making that decision that that would not carry through to an IFQ program if in fact we decided to do that, and for those reasons, if you're looking for things to throw out, this one here would be on the top of my list. Thank you very much.

Questions from Council members

Pereyra: Steve, this 45/55 split, would you characterize that, then, as something similar to what we did with the inshore-offshore as sort of an interim thing to provide stability until such time as we make the initial allocations?

Hughes: I just remember very vividly that discussion right here at the Council among the members. It was pointed out that that was an interim measure and it was specifically said that that wasn't supposed to be the basis for future IFQ.

Lauber: Any other questions? Thank you very much, that concludes the public comment.

Transcription of Council discussion on Comprehensive Rationalization, Agenda C-5
December 11, 1993

Chairman Lauber: . . . That concludes the public comment. Mr. Rosier.

Carl Rosier: Thank you, Mr. Chairman. Mr. Chairman, I move to table further discussion on all agenda items related to comprehensive rationalization until the January Council meeting. [seconded by Bob Mace]

Wally Pereyra: Mr. Chairman, consistent with your new ruling from the chair with regard to discussion on . . .

Lauber: On this particular one it doesn't matter, it's to a time certain so it's debatable anyway.

Pereyra: I can understand where Mr. Rosier's coming from, it's late in the day and so forth, but I think we need to discuss a few of these options as to whether we want to leave them in there or eliminate them because the staff has told us time and time again they're up against it and I just think we just sort of putting off the decisions here and that's not what we want to do, we want to kind of accelerate this process and move it down the road the best we can. We still have some time. I'm not opposed to closing the meeting down at noon or something like that more appropriate, but I for one can't support this motion.

Bob Alverson: I've been a little bit concerned the last two meetings, particularly that we really haven't dedicated the time on this comprehensive rationalization idea as much as we did when we were going through when Joe Blum was chairman of the subcommittee for halibut and black cod and we had much more extensive time associated with our Council meetings and it seems we have so many things on our agenda plate that by the time we get to what I consider the most far-reaching and important part of it, we're shorting ourselves on time and mental energies are gone by the time we get to the issue and I'm kind of prepared to talk about this thing until. . . I don't know what time the Chairman wanted to break today, but I think we're wasting some time and energies if we're just going to leave now and not get any further discussion. And if we do go to the next Council meeting I think we need to dedicate a day and a half, two days to this subject.

Rosier: Mr. Chairman, could I speak to my motion? Thank you. I agree that this is an extremely important issue and I certainly agree with Mr. Alverson and much of what he says that we have not in fact dedicated the time and for this important issue to come up at the end, basically at the end of the agenda, a day late, and so forth, in our normally scheduling here on this, it just seems to me that we're rushing along here at the present time and this deserves more than just rushing on this particular subject. I think we've got to bring some focus to this. But also I think that there's a basic policy issue that's involved here and we saw this arise early in the session and I'm quite concerned about the recent developments associated with implementation of the halibut/sablefish IFQ program. These are certainly related to some of the decisions that are going to have to be made as related to comprehensive rationalization. I believe that some of those developments pose really critical implications for the comprehensive rationalization planning process. I think that the changes in the final rules, beyond regulatory clarification, signals violations of the compact between the Secretary and the Council. As was pointed out earlier, at some point the plan may no longer be the plan developed by the Council and I'm concerned that we may have reached that point when regulatory amendments, or perhaps even plan amendments, are necessary to restore the intent of the Council in the face of policy changes brought about at the Washington, DC level. I think also that those

changes in basic terms and definitions in the halibut/sablefish IFQ program. . . significantly impair the enforceability of that plan. If realized, this diminished enforceability jeopardizes what I see as the biological integrity of the plan. In turn, the biological integrity of the halibut/sablefish plan, or any other IFQ plan, is so compromised the primary rationale for IFQ planning is itself undermined. From the State's perspective the primary rationale has always been to promote and enhance conservation. I think there's legitimate confusion over definitions and determination of Council intent signals a strong caution against overly ambitious timelines and we've heard some of that here this morning. We heard the claim from the staff yesterday about what they could and couldn't get done. For such complex programs as we're talking about here I hope that we take the time and focus on what is important and give it the analysis and the time to do the job right the first time through. Thank you, Mr. Chairman.

Alan Millikan: I certainly agree this is an important process, obviously the most important this Council has ever faced and I certainly agree with Bob Alverson that we need to spend more time on it. We need to spend more time on it when we're fresh, not on Saturday afternoon. However, this is the first time in 110 sessions that this Council has met in Seattle. We've had, by my count, I believe, 20-some comments. They're fresh in our mind at this time. Some of those comments have requested action at this meeting, especially the ones from the Coalition for Stability in Marine Financing. We heard that there are some problems that may be very severe and may increase as uncertainty increases and continues. I think some of those things ought to be discussed at the very least and hopefully settled today. I'm here for the day, I'm here for tomorrow if we need to do that. If we don't make some of these decisions today, or at least discuss them fully the people that are here in Seattle are, I think, once again disenfranchised from the process. I'd like to see to us continue. I'm going to oppose the motion.

Pereyra: Mr. Chairman. I'm very concerned about this motion because I think it undermines to some degree the integrity of this Council. We agenda'd an item, agenda'd an item for this Council to discuss, debate, and make decisions on either up or down or whatever, on this very, very important issue. A number of people have come here, people from Alaska have come here, to give us their testimony. The staff has spent time on this, the AP has spent time on this, the SSC spent a considerable amount of time on this. For what? Us to go ahead and at the final bell decide we're going to table it without discussing it? And, this whole question about being expeditious or not being expeditious and we really got to go slow and so forth, while we're going ahead and making those kinds of decisions people are losing their lives up in the Bering Sea and I think that that's something we've got to take into consideration. This is not something that's going to go away, it's something that's going to get worse and worse and worse and I think we need to go ahead and sit down and debate this thing and get moving on with it instead of just sitting around and deciding we're going to put it off for another meeting like we've been doing.

Oscar Dyson: I would agree that this is one of the most important things that's come in front of the Council and we've been working on it for over 5 years, as you know, and if we try and settle this thing in the next 4 or 5 hours, next day, we're going to short circuit the real things that we need to get into. We've got another meeting coming up in January and I think that's the time to set enough time aside so we can really sit down and do the job that you fellows want and that's the way I'm going to vote.

Steve Pennoyer: Mr. Chairman. I agree that this is something we need to get on with. We had staff make a presentation telling us we had to narrow our options 'cause they could only do 3 out of 5 items, but they also told us that they'd just as soon reflect on that, we were not asked to make that decision until the January meeting. I was going to support the motion, not for the reasons given by

Mr. Rosier, because I don't agree necessarily that the sablefish and halibut thing is a failed program because of I think some pieces around the edge that we're discussing. It still has a lot of the main reasons to go forward, a lot of the rationale for that program still exists, and I think a lot of the benefits still exist in that program despite whether we have a question on leasing and a few other items in that agenda. Nevertheless, I was going to agree with Mr. Alverson that I think we need to devote the time to this to do it right. I was going to vote to the motion mostly because I'm afraid if we discuss it for a limited period of half an hour or an hour we're going to add some more options to it. That's what we did back in September and God's sakes we don't need that, so I think maybe what we need to do is to schedule it, set the time aside for it. We don't have spec notices in January, things we had to get done to make the fishery continue. I think we ought to set the time aside for it and if you want to do it today, that's one thing, but spending an extra hour on adding one-pie utilization systems, or whatever to it, and try to understand them, I don't think we're going to get through that in a half hour.

Pereyra: Then, why the hell did we . . . the item the, for crying out loud.

Lauber: Wait, wait, wait. . .you're not next.

Pereyra: Why did we agenda it? Look at all these people out here, they're expecting us to do something, if we're going ahead and fiddle this. . .

Lauber: Mr. Mace has the floor. You're out of order.

Bob Mace: I suggest we vote on this; we're spending all our time making a decision on whether or not we're going to vote, so let's vote on it. Call for the question.

Lauber: Call the roll.

Alverson: Well, Mr. Chairman, before we vote. . .comments were made and I understand Carl's frustration of having the Council second-guessed by Washington, DC. I have a great deal of problem with that also; it happened on the inshore-offshore, both on Pacific Council and the North Pacific Council, and to some degree on this. I disagree that those changes flaw the IFQ package for blackcod. That's a good program that we put together. It'll significantly address the bycatch safety issues, the wastage issues, the overcapitalization issues, as it's constituted and as it came back to us, so I'm not going to vote for this but I wanted that on the record because there are people looking at this record and the comments made with respect to that program, the IFQ program for blackcod and halibut.

Lauber: All right, call the roll on the motion which is to table the comprehensive rationalization to the January meeting.

Vote:	<u>YES</u>	<u>NO</u>
	Behnken	Millikan
	Dyson	Pereyra
	Hegge	Samuelsen
	Mace	Alverson
	Pennoyer	
	Rosier	
	Lauber	

Pass.

-----discussion about whether to take up any other issues at this (Dec) meeting-----

Pereyra: I'd like to make a motion that we have a single primary agenda item at the January meeting and that be comprehensive rationalization. [seconded by Pennoyer]

Pereyra: The reason I think we have to do that is I think that we have to sit down and spend as much time as we possibly can on this particular item. We're not getting anywhere, it's just sort of floating along and I take great offense at what we've done right here now and I think that people have said let's put off to the January meeting, Fine, if we put it off to the January meeting all this other stuff has got to go in the background, this has got to be the primary thing we consider and that's the reason for my reason.

Pennoyer: Mr. Chairman, as the second, can I ask to clarify why I seconded it or ask a question of that? . . . Yes, I seconded it for discussion purposes. I assume that you mean we'll accord it the importance necessary, because we have other things we're going to have to discuss in January.

Pereyra: There are some things obviously, Mr. Pennoyer, that we have to do in January, but there are some things that we don't have to do in January. This full utilization-waste issue, for example. It's very important, I agree, we need to get on with it but we don't have to get on with it in January. This is the item we have to spend the time on, that's what I'm getting at. There are some regulatory items and those sorts of things that we have to do, granted, those we do, but I think we should not burden the agenda with a lot of other items and really focus on this.

Pennoyer: Mr. Chairman, maybe the way to do that is a time sequence thing rather than we're not going to do that; put this one on first with necessary regulatory items and then schedule the other items later so that they fall in the same problem we've got in this meeting right now on comprehensive rationalization.

Lauber: Would you be willing if we set aside a number of days? Two days or something of that sort, at a minimum?

Pereyra: I just want to see it have the highest priority we possibly can give it.

Lauber: Well, that's not your motion. It was actually that we. . .

Pereyra: I said primary in my motion and that's my sort of definition of primary. I didn't say only.

Lauber: That was not my understanding of the motion, but. . .

Pereyra: Well, I apologize.

Lauber: . . . this would be the primary priority on the agenda, but not incorporating necessarily your other statement that you didn't want to take up waste or whatever, you're not saying that we couldn't.

..

Pereyra: I was probably breathing in when I said that.

Lauber: I realize your frustration, but all right, so we understand what the motion is, the motion is that this would be a primary, and we would give this priority and so forth. . .

Pereyra: It would be the first major item we would be discussing on the agenda so we. . .

Lauber: . . .it would be the first major item on the agenda. All right, now, Mr. Millikan.

Millikan: When we started this process there was some discussion that somewhere along the line we may have to have separate meetings that addressed only comprehensive rationalization and it seems to me that we're reaching that point now, and to try to do our regular job which is time consuming and very important and to also do the job of comprehensive rationalization in a prudent and complete way, that maybe we can't do both things in the same meeting, and that maybe we ought to separate them and if not the January meeting, subsequent to that have a separate meeting just on ITQs.

Lauber: Mr. Millikan, you may recall when we had the discussion about the comprehensive rationalization committee and the frustrations we had with it because of scheduling prior to the meeting and so forth, and in that discussion the Chair indicated to you that it might well be likely that we would have to have either other meetings or I indicated exactly what you said--it may well be that this council will need to in effect have a special meeting being a council meeting but being a committee working on this issue. Now that's not what the January meeting is. We have work we have to do beside this, but the way the motion is now termed I would certainly be willing to. . .Mr. Samuelsen.

Robin Samuelsen: Thank you, Mr. Chairman. I think it's the prerogative of the Chair to set the agenda, that's the duties of the Chair. I think the Council has expressed their interest, as well as the public, that we need to deal with this issue. I'll be voting against the motion; I think the Council has expressed, as well as the public, that this matter needs to be put on the front burner and we need to spend time on it in the January meeting and I think the January meeting, based on the comments heard, should be intended around this subject and should take up most of our time. However, there's other issues that are also on the burner that need our attention and I think this motion, you know, Wally breathing in and out there, we're all trying to decide what we're going to take up and if it's one issue that somebody doesn't like on this Council hell's going to be paid because we'll get in a little cat fight there at the Council meeting--Oh, we're not supposed to take this us--so, I'm going to vote against it and I think it's your prerogative to set the agenda and I hope you take comprehensive rationalization into consideration. . .

[Oscar Dyson leaves meeting]

Rosier: Mr. Chairman, I would like to say that out of the public testimony here this morning I thought there was some excellent public testimony given, but basically what I heard was that there some that were supporting the options that have been laid on the table, there was a large number of people that presented testimony this morning that were not necessarily supporting the options that are on the table at the present time but were support further modifications, and I agree that we've got to in fact begin to focus this thing down to where we've got a reasonable program that we can in fact proceed with development of. But it just seems to me that the industry at this point is far from together as far as how we should in fact proceed on this and I would hope, and you know I heard the questions be asked of the public this morning--would you in fact support some type of consensus-type effort amongst the users and so forth, in fact, come together and get behind some kind of a compromise on this. I think that that's going to be crucial to the entire process, but I also think that we've got to dedicate the time and focus to this particular issue. I was part of the original debate and development of the State's limited entry program and that was an extremely intense program and I mean it took the Legislature and it took the agencies, it took the groups and so forth, basically that was a full-time job for the better part of two years to in fact put that program together and we still see that there's flaws with that program at the present time. But I think that that's the type of effort that I see is going to be necessary for us in fact to bring this program to conclusion.

Linda Behnken: I've been quiet all day, so I'll take one shot, and I share some of the concerns that were expressed with this motion by Mr. Samuelsen and although I recognize along with everybody else the importance of this issue, I think we've had an indication from NOAA legal counsel, from our scientific staff, from the AP, about the problems associated with sacrificing maybe the quality of the data, the quality of the socioeconomic analysis because of our schedule that we're staying on and I think we need to make that primary, to do this job right as we do it, and to do it right it's going to take at least until '96, that seems to be the best-case scenario here and I don't think in the interim we can ignore or downplay the immediate problems of waste and bycatch in these fisheries. I'm willing to wait for January to take up full utilization but I do hesitate to say that anything is more of a problem in these fisheries right now than the waste and the bycatch and the possible the ecosystem impacts of that, so I have some real problems with this motion. I do believe it's the Chair's prerogative to set the agenda.

Lauber: Call the roll.

Millikan: Will you repeat one more time the motion?

Pautzke: The motion the way I have it written is the comprehensive rationalization plan will be the primary agenda item at the January meeting. It does not exclude other agenda items, and passing this motion, what I discussed with Mr. Lauber, is we would put aside at least two days, while you're fresh, to do nothing but comprehensive rationalization and in addition to that, to pull on the public testimony you have here, I plan on doing a transcript of it. We won't even summarize it, we'll give you a transcript of the comments made so you know what they said, it's not what the staff said they said, and then after you get done with this motion I do need clarification, do you want to take additional testimony on the tabled motion in this agenda item, public testimony at that January meeting or do we proceed with Council discussion, I just need direction.

Lauber: The answer, I would say, if we have an item agenda'd we have made a trip to Seattle to take testimony as well as for other reasons, but also there's probably people that weren't here and would like to testify and I think we would open that up for testimony again, not necessarily for people to repeat what they said, I think your idea of supplying us with a transcript is an excellent one. Call the roll on the motion.

Vote:	<u>YES</u>	<u>NO</u>
	Hegge	Samuelsen
	Mace	Behnken
	Millikan	
	Pennoyer	
	Pereyra	
	Rosier	
	Alverson	
	Lauber	

[Dyson had left the meeting]

Pass.

Rosier: Mr. Chairman, I would like to move to request NOAA General Counsel to provide the Council with a written opinion at the January meeting that clearly explains to us at what point the Secretary's authority to make implementation-related changes as authorized under Magnuson Act is exceeded. I think that that's a crucial arena in which we need some clarification at the present time

and I would ask that General Counsel provide us with the benefit of that thought process at the January session.

Lauber: Is there a second? [couldn't hear, but evidently there was] Is there any objection? Hearing none, it passes. Is there anything additional before I announce the. . .

Hegge: One other request of General Counsel, the confidentiality question keeps coming up and apparently this must have had some decisions from the federal government in other plans that were implemented and I'd like them to delve into that, the East Coast plan and I guess Great Lakes plan, but there must have been some precedents set on that that could apply to us.

Lauber: Is that clear enough, Mr. Pennoyer, to convey that request?

Pennoyer: Yes, I think it is.

[End of this discussion]

Transcription of Council discussion on Comprehensive Rationalization, Agenda C-5
December 11, 1993

Chairman Lauber: . . .That concludes the public comment. Mr. Rosier.

Carl Rosier: Thank you, Mr. Chairman. Mr. Chairman, I move to table further discussion on all agenda items related to comprehensive rationalization until the January Council meeting. [seconded by Bob Mace]

Wally Pereyra: Mr. Chairman, consistent with your new ruling from the chair with regard to discussion on . . .

Lauber: On this particular one it doesn't matter, it's to a time certain so it's debatable anyway.

Pereyra: I can understand where Mr. Rosier's coming from, it's late in the day and so forth, but I think we need to discuss a few of these options as to whether we want to leave them in there or eliminate them because the staff has told us time and time again they're up against it and I just think we just sort of putting off the decisions here and that's not what we want to do, we want to kind of accelerate this process and move it down the road the best we can. We still have some time. I'm not opposed to closing the meeting down at noon or something like that more appropriate, but I for one can't support this motion.

Bob Alverson: I've been a little bit concerned the last two meetings, particularly that we really haven't dedicated the time on this comprehensive rationalization idea as much as we did when we were going through when Joe Blum was chairman of the subcommittee for halibut and black cod and we had much more extensive time associated with our Council meetings and it seems we have so many things on our agenda plate that by the time we get to what I consider the most far-reaching and important part of it, we're shorting ourselves on time and mental energies are gone by the time we get to the issue and I'm kind of prepared to talk about this thing until. . .I don't know what time the Chairman wanted to break today, but I think we're wasting some time and energies if we're just going to leave now and not get any further discussion. And if we do go to the next Council meeting I think we need to dedicate a day and a half, two days to this subject.

Rosier: Mr. Chairman, could I speak to my motion? Thank you. I agree that this is an extremely important issue and I certainly agree with Mr. Alverson and much of what he says that we have not in fact dedicated the time and for this important issue to come up at the end, basically at the end of the agenda, a day late, and so forth, in our normally scheduling here on this, it just seems to me that we're rushing along here at the present time and this deserves more than just rushing on this particular subject. I think we've got to bring some focus to this. But also I think that there's a basic policy issue that's involved here and we saw this arise early in the session and I'm quite concerned about the recent developments associated with implementation of the halibut/sablefish IFQ program. These are certainly related to some of the decisions that are going to have to be made as related to comprehensive rationalization. I believe that some of those developments pose really critical implications for the comprehensive rationalization planning process. I think that the changes in the final rules, beyond regulatory clarification, signals violations of the compact between the Secretary and the Council. As was pointed out earlier, at some point the plan may no longer be the plan developed by the Council and I'm concerned that we may have reached that point when regulatory amendments, or perhaps even plan amendments, are necessary to restore the intent of the Council in the face of policy changes brought about at the Washington, DC level. I think also that those

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Alan Millikan: I certainly agree this is an important process, obviously the most important this Council has ever faced and I certainly agree with Bob Alverson that we need to spend more time on it. We need to spend more time on it when we're fresh, not on Saturday afternoon. However, this is the first time in 110 sessions that this Council has met in Seattle. We've had, by my count, I believe, 20-some comments. They're fresh in our mind at this time. Some of those comments have requested action at this meeting, especially the ones from the Coalition for Stability in Marine Financing. We heard that there are some problems that may be very severe and may increase as uncertainty increases and continues. I think some of those things ought to be discussed at the very least and hopefully settled today. I'm here for the day, I'm here for tomorrow if we need to do that. If we don't make some of these decisions today, or at least discuss them fully the people that are here in Seattle are, I think, once again disenfranchised from the process. I'd like to see to us continue. I'm going to oppose the motion.

Pereyra: Mr. Chairman. I'm very concerned about this motion because I think it undermines to some degree the integrity of this Council. We agenda'd an item, agenda'd an item for this Council to discuss, debate, and make decisions on either up or down or whatever, on this very, very important issue. A number of people have come here, people from Alaska have come here, to give us their testimony. The staff has spent time on this, the AP has spent time on this, the SSC spent a considerable amount of time on this. For what? Us to go ahead and at the final bell decide we're going to table it without discussing it? And, this whole question about being expeditious or not being expeditious and we really got to go slow and so forth, while we're going ahead and making those kinds of decisions people are losing their lives up in the Bering Sea and I think that that's something we've got to take into consideration. This is not something that's going to go away, it's something that's going to get worse and worse and worse and I think we need to go ahead and sit down and debate this thing and get moving on with it instead of just sitting around and deciding we're going to put it off for another meeting like we've been doing.

Oscar Dyson: I would agree that this is one of the most important things that's come in front of the Council and we've been working on it for over 5 years, as you know, and if we try and settle this thing in the next 4 or 5 hours, next day, we're going to short circuit the real things that we need to get into. We've got another meeting coming up in January and I think that's the time to set enough time aside so we can really sit down and do the job that you fellows want and that's the way I'm going to vote.

Steve Pennoyer: Mr. Chairman. I agree that this is something we need to get on with. We had staff make a presentation telling us we had to narrow our options 'cause they could only do 3 out of 5 items, but they also told us that they'd just as soon reflect on that, we were not asked to make that decision until the January meeting. I was going to support the motion, not for the reasons given by

Mr. Rosier, because I don't agree necessarily that the sablefish and halibut thing is a failed program because of I think some pieces around the edge that we're discussing. It still has a lot of the main reasons to go forward, a lot of the rationale for that program still exists, and I think a lot of the benefits still exist in that program despite whether we have a question on leasing and a few other items in that agenda. Nevertheless, I was going to agree with Mr. Alverson that I think we need to devote the time to this to do it right. I was going to vote to the motion mostly because I'm afraid if we discuss it for a limited period of half an hour or an hour we're going to add some more options to it. That's what we did back in September and God's sakes we don't need that, so I think maybe what we need to do is to schedule it, set the time aside for it. We don't have spec notices in January, things we had to get done to make the fishery continue. I think we ought to set the time aside for it and if you want to do it today, that's one thing, but spending an extra hour on adding one-pie utilization systems, or whatever to it, and try to understand them, I don't think we're going to get through that in a half hour.

Pereyra: Then, why the hell did we . . . the item the, for crying out loud.

Lauber: Wait, wait, wait. . you're not next.

Pereyra: Why did we agenda it? Look at all these people out here, they're expecting us to do something, if we're going ahead and fiddle this. . .

Lauber: Mr. Mace has the floor. You're out of order.

Bob Mace: I suggest we vote on this; we're spending all our time making a decision on whether or not we're going to vote, so let's vote on it. Call for the question.

Lauber: Call the roll.

Alverson: Well, Mr. Chairman, before we vote. . .comments were made and I understand Carl's frustration of having the Council second-guessed by Washington, DC. I have a great deal of problem with that also; it happened on the inshore-offshore, both on Pacific Council and the North Pacific Council, and to some degree on this. I disagree that those changes flaw the IFQ package for blackcod. That's a good program that we put together. It'll significantly address the bycatch safety issues, the wastage issues, the overcapitalization issues, as it's constituted and as it came back to us, so I'm not going to vote for this but I wanted that on the record because there are people looking at this record and the comments made with respect to that program, the IFQ program for blackcod and halibut.

Lauber: All right, call the roll on the motion which is to table the comprehensive rationalization to the January meeting.

Vote:	<u>YES</u>	<u>NO</u>
	Behnken	Millikan
	Dyson	Pereyra
	Hegge	Samuelsen
	Mace	Alverson
	Pennoyer	
	Rosier	
	Lauber	

Pass.

-----discussion about whether to take up any other issues at this (Dec) meeting-----

Pereyra: I'd like to make a motion that we have a single primary agenda item at the January meeting and that be comprehensive rationalization. [seconded by Pennoyer]

Pereyra: The reason I think we have to do that is I think that we have to sit down and spend as much time as we possibly can on this particular item. We're not getting anywhere, it's just sort of floating along and I take great offense at what we've done right here now and I think that people have said let's put off to the January meeting, Fine, if we put it off to the January meeting all this other stuff has got to go in the background, this has got to be the primary thing we consider and that's the reason for my reason.

Pennoyer: Mr. Chairman, as the second, can I ask to clarify why I seconded it or ask a question of that? . . .Yes, I seconded it for discussion purposes. I assume that you mean we'll accord it the importance necessary, because we have other things we're going to have to discuss in January.

Pereyra: There are some things obviously, Mr. Pennoyer, that we have to do in January, but there are some things that we don't have to do in January. This full utilization-waste issue, for example. It's very important, I agree, we need to get on with it but we don't have to get on with it in January. This is the item we have to spend the time on, that's what I'm getting at. There are some regulatory items and those sorts of things that we have to do, granted, those we do, but I think we should not burden the agenda with a lot of other items and really focus on this.

Pennoyer: Mr. Chairman, maybe the way to do that is a time sequence thing rather than we're not going to do that; put this one on first with necessary regulatory items and then schedule the other items later so that they fall in the same problem we've got in this meeting right now on comprehensive rationalization.

Lauber: Would you be willing if we set aside a number of days? Two days or something of that sort, at a minimum?

Pereyra: I just want to see it have the highest priority we possibly can give it.

Lauber: Well, that's not your motion. It was actually that we. . .

Pereyra: I said primary in my motion and that's my sort of definition of primary. I didn't say only.

Lauber: That was not my understanding of the motion, but. . .

Pereyra: Well, I apologize.

Lauber: . . .this would be the primary priority on the agenda, but not incorporating necessarily your other statement that you didn't want to take up waste or whatever, you're not saying that we couldn't.

. . .

Pereyra: I was probably breathing in when I said that.

Lauber: I realize your frustration, but all right, so we understand what the motion is, the motion is that this would be a primary, and we would give this priority and so forth. . .

Pereyra: It would be the first major item we would be discussing on the agenda so we. . .

Lauber: . . .it would be the first major item on the agenda. All right, now, Mr. Millikan.

Millikan: When we started this process there was some discussion that somewhere along the line we may have to have separate meetings that addressed only comprehensive rationalization and it seems to me that we're reaching that point now, and to try to do our regular job which is time consuming and very important and to also do the job of comprehensive rationalization in a prudent and complete way, that maybe we can't do both things in the same meeting, and that maybe we ought to separate them and if not the January meeting, subsequent to that have a separate meeting just on ITQs.

Lauber: Mr. Millikan, you may recall when we had the discussion about the comprehensive rationalization committee and the frustrations we had with it because of scheduling prior to the meeting and so forth, and in that discussion the Chair indicated to you that it might well be likely that we would have to have either other meetings or I indicated exactly what you said--it may well be that this council will need to in effect have a special meeting being a council meeting but being a committee working on this issue. Now that's not what the January meeting is. We have work we have to do beside this, but the way the motion is now termed I would certainly be willing to. . .Mr. Samuelsen.

Robin Samuelsen: Thank you, Mr. Chairman. I think it's the prerogative of the Chair to set the agenda, that's the duties of the Chair. I think the Council has expressed their interest, as well as the public, that we need to deal with this issue. I'll be voting against the motion; I think the Council has expressed, as well as the public, that this matter needs to be put on the front burner and we need to spend time on it in the January meeting and I think the January meeting, based on the comments heard, should be intended around this subject and should take up most of our time. However, there's other issues that are also on the burner that need our attention and I think this motion, you know, Wally breathing in and out there, we're all trying to decide what we're going to take up and if it's one issue that somebody doesn't like on this Council hell's going to be paid because we'll get in a little cat fight there at the Council meeting--Oh, we're not supposed to take this us--so, I'm going to vote against it and I think it's your prerogative to set the agenda and I hope you take comprehensive rationalization into consideration. . .

[Oscar Dyson leaves meeting]

Rosier: Mr. Chairman, I would like to say that out of the public testimony here this morning I thought there was some excellent public testimony given, but basically what I heard was that there some that were supporting the options that have been laid on the table, there was a large number of people that presented testimony this morning that were not necessarily supporting the options that are on the table at the present time but were support further modifications, and I agree that we've got to in fact begin to focus this thing down to where we've got a reasonable program that we can in fact proceed with development of. But it just seems to me that the industry at this point is far from together as far as how we should in fact proceed on this and I would hope, and you know I heard the questions be asked of the public this morning--would you in fact support some type of consensus-type effort amongst the users and so forth, in fact, come together and get behind some kind of a compromise on this. I think that that's going to be crucial to the entire process, but I also think that we've got to dedicate the time and focus to this particular issue. I was part of the original debate and development of the State's limited entry program and that was an extremely intense program and I mean it took the Legislature and it took the agencies, it took the groups and so forth, basically that was a full-time job for the better part of two years to in fact put that program together and we still see that there's flaws with that program at the present time. But I think that that's the type of effort that I see is going to be necessary for us in fact to bring this program to conclusion.

Linda Behnken: I've been quiet all day, so I'll take one shot, and I share some of the concerns that were expressed with this motion by Mr. Samuelsen and although I recognize along with everybody else the importance of this issue, I think we've had an indication from NOAA legal counsel, from our scientific staff, from the AP, about the problems associated with sacrificing maybe the quality of the data, the quality of the socioeconomic analysis because of our schedule that we're staying on and I think we need to make that primary, to do this job right as we do it, and to do it right it's going to take at least until '96, that seems to be the best-case scenario here and I don't think in the interim we can ignore or downplay the immediate problems of waste and bycatch in these fisheries. I'm willing to wait for January to take up full utilization but I do hesitate to say that anything is more of a problem in these fisheries right now than the waste and the bycatch and the possible the ecosystem impacts of that, so I have some real problems with this motion. I do believe it's the Chair's prerogative to set the agenda.

Lauber: Call the roll.

Millikan: Will you repeat one more time the motion?

Pautzke: The motion the way I have it written is the comprehensive rationalization plan will be the primary agenda item at the January meeting. It does not exclude other agenda items, and passing this motion, what I discussed with Mr. Lauber, is we would put aside at least two days, while you're fresh, to do nothing but comprehensive rationalization and in addition to that, to pull on the public testimony you have here, I plan on doing a transcript of it. We won't even summarize it, we'll give you a transcript of the comments made so you know what they said, it's not what the staff said they said, and then after you get done with this motion I do need clarification, do you want to take additional testimony on the tabled motion in this agenda item, public testimony at that January meeting or do we proceed with Council discussion, I just need direction.

Lauber: The answer, I would say, if we have an item agenda'd we have made a trip to Seattle to take testimony as well as for other reasons, but also there's probably people that weren't here and would like to testify and I think we would open that up for testimony again, not necessarily for people to repeat what they said, I think your idea of supplying us with a transcript is an excellent one. Call the roll on the motion.

Vote:	<u>YES</u>	<u>NO</u>
	Hegge	Samuelsen
	Mace	Behnken
	Millikan	
	Pennoyer	
	Pereyra	
	Rosier	
	Alverson	
	Lauber	

[Dyson had left the meeting]
Pass.

Rosier: Mr. Chairman, I would like to move to request NOAA General Counsel to provide the Council with a written opinion at the January meeting that clearly explains to us at what point the Secretary's authority to make implementation-related changes as authorized under Magnuson Act is exceeded. I think that that's a crucial arena in which we need some clarification at the present time

and I would ask that General Counsel provide us with the benefit of that thought process at the January session.

Lauber: Is there a second? [couldn't hear, but evidently there was] Is there any objection? Hearing none, it passes. Is there anything additional before I announce the. . .

Hegge: One other request of General Counsel, the confidentiality question keeps coming up and apparently this must have had some decisions from the federal government in other plans that were implemented and I'd like them to delve into that, the East Coast plan and I guess Great Lakes plan, but there must have been some precedents set on that that could apply to us.

Lauber: Is that clear enough, Mr. Pennoyer, to convey that request?

Pennoyer: Yes, I think it is.

[End of this discussion]