

North Pacific Fishery Management Council

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Certified: _____
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MINUTES Scientific Statistical Committee April 8-10, 2002

The Scientific Statistical Committee met April 8-10, 2002 in Anchorage, Alaska. All members were present except Sue Hills, Seth Macinko, Ken Pitcher, and Terry Quinn.

Rich Marasco, Chair
Keith Criddle
George Hunt
Dan Kimura

Jack Tagart, Vice Chair
Doug Eggers
Jeff Hartman

Steve Berkeley
Steve Hare
Mark Herrmann

Election of Officers: the SSC elected Rich Marasco and Jack Tagart for another term as Chair and Vice Chair of the committee.

C-5 CRAB RATIONALIZATION

Mark Fina (NPFMC) provided an overview of the revised Initial Review Draft Analysis of Bering Sea and Aleutian Island Crab Rationalization Program Alternatives. Michael Downs (EDAW) reported on the Community and Social Impacts (section 2.6) and Community Socioeconomic Profiles (Appendix 2-6) prepared on behalf of NPFMC for this analysis. Scott Matulich (Washington State University) described the conclusions of an analysis of the halibut and sablefish fisheries prepared for ADF&G and on extensions of that analysis to the BSAI crab fisheries. Gretchen Harrington (NMFS—Sustainable Fisheries) discussed development on the Environmental Impact Statement for the Fishery Management Plan for Bering Sea/Aleutian Islands King and Tanner Crabs. Public testimony was provided by Linda Kozak (Kozak and Associates), Jake Jacobsen (Alaska Marketing Association), Steve Minor (St. Paul), Tom Casey (AFCG), Earl Comstock (Crab Rationalization and Buyback Group), Bob Storrs (Unalaska Native Fishers Association), John Garner (North Pacific Crab Association), Tom Suryan (Skippers for Equitable Access), Dorothy Childers (Alaska Marine Conservation Council), Dick Powell, Terry Leitzell (Icicle Seafoods), and Leonard Herzog.

The SSC commends the analytic team on the quality of the analysis and their attention to concerns expressed in our February minutes. Those concerns have been largely addressed. Consequently, **we recommend that the analysis be released for public review following a few additional modifications suggested below.** In addition, we have attached specific comments regarding Dr. Matulich's review of the halibut/sablefish IFQ program and its applicability to crab rationalization.

Initial Review Draft Analysis of Bering Sea and Aleutian Island Crab Rationalization Program Alternatives: Comments and Concerns

1. The SSC remains concerned that the schedule for preparing the Draft Programmatic Supplemental Environmental Impact Statement for the Fishery Management Plan for BSAI King and Tanner Crabs may preclude the Council's deliberations from fully considering the environmental consequences of the proposed alternatives. While this problem may be unavoidable, at a minimum, the discussion of the environmental consequences of the alternatives needs to be expanded to include an explicit analysis of differences (if any) in the likelihood that the alternatives will successfully address bycatch and deadloss concerns identified in the problem statement. The analysis should discuss potential changes in handling mortality, changes in deck sorting, potential gear modifications, expected changes in the number of pots fished and the average soak time, and the potential reduction in handling mortality associated with retention of bycatch by operators who hold fishing entitlements for multiple crab species.
2. In its February 2002 minutes the SSC asked for a "*general discussion of the creation and redistribution of rents that might occur under rationalization and of factors that might influence the distribution [of those rents]*". The SSC intended that staff use the available literature and their own professional judgment to guide their qualitative evaluation of the net benefits of the alternatives. The SSC notes that the analysis stops short of drawing conclusions about economic efficiency. The SSC did not intend to limit the staff analysis or discourage staff from expressing their judgment. While there is considerable uncertainty regarding the effect of the alternatives on the magnitude and distribution of efficiency gains, the SSC believes that stronger affirmations regarding efficiency and net benefits from rationalization are warranted. The net benefits across harvesters and processors are expected to be positive in the short-run and more especially in the long-run as capital investments are reconfigured to reflect the new regulatory regime. Nevertheless, it is unlikely that every harvester or processor will realize positive net benefits.
3. The revised draft needs an expanded discussion of the potential coordination between the proposed federal action and State management, for example the Adak red king crab fishery which is primarily conducted in both Federal and State waters.
4. The SSC appreciates the Council's endorsement of our request for the mandatory reporting of economic performance measures by participants in the rationalized crab fisheries. The lack of this data has hampered the economic analysis of crab rationalization. We encourage the Council to form a team of Council and agency staff to develop a list of specific data to be collected, and the mechanism by which the data would be collected. Upon development of the draft plan, the team will meet with Council identified industry members to refine the program. The data collection system, as well as supporting documents, should be timed to be available for Council consideration at the point of Final Action.
5. While the issuance of harvester quota shares addresses short and long-run open access externalities, the issuance of processor quota shares appears to be intended to address a short-run distribution problem arising from non-malleable processor capital. If processor quota shares are solely intended to address a perceived short-run problem, it might be appropriate to consider defining the processor shares as limited duration (~10-year) entitlements that allow processors a reasonable period of time to reduce their current level of overcapitalization.
6. The initial allocation is among the most controversial aspects of fishery rationalization programs. When the allocation is based on deservedness criteria such as extent and recency of participation,

historic volume landings or product, malleability or non-malleability of investment in human, harvesting, or processing capital, regional social and economic dependence on the fishery, etc., disagreement will inevitably emerge over the specific criteria selected. The SSC notes that many of these issues may be largely avoided if market mechanisms such as auctions were used for the initial allocation (NRC Sharing the Fish 1999).

7. The SSC also notes that the diverse biological and economic character of the various crab fisheries proposed for inclusion in the rationalization program argues for careful fishery by fishery consideration of a suite of alternative rationalization structures. In particular, we note that spatial management strategies (e.g. transferable territorial use rights, TURFs¹) closely mirror formal and informal management strategies that are already in place for fisheries such as the Norton Sound red king crab fishery and the Adak brown king crab fishery. Spatial strategies are particularly well suited for non-mixing stocks that are fished in discrete locations. Reinforcement of existing formal and informal management strategies has the advantage achieving rationalization goals while minimizing disruptions associated with the transition to a rationalized fishery.

Our recommendation that the Council consider different rationalization programs for different fisheries should not be construed as a recommendation for separating some fisheries (e.g., the Adak red king crab fishery) from the present analysis. To the contrary, we encourage the Council to address crab rationalization as a single comprehensive action to reduce the problems associated with spillover from rationalized into residual fisheries.

Applicability of the Matulich and Clark, halibut/sablefish document to Crab Rationalization

The applicability of the results of the Matulich-Clark halibut/sablefish analysis is contingent on similarities in the nature of market structure in the various fisheries. The SSC notes that the present market structure of the crab industry differs from the structure of the halibut fishery before the introduction of IFQs and that crab fishers and processors face different opportunities for cost savings and revenue enhancement. In the halibut industry under the pre-IFQ fishery the harvesters were price takers whereas in the crab fishery the harvesters bargain for prices. In addition, vertical integration is a more prominent characteristic of the crab fisheries. Therefore, the potential market power gain for crab harvesters appears to be less than for halibut fishers. Indeed, some public testimony suggested that bargaining power of harvesters could actually decrease under IFQs because strikes would be less effective. In contrast, Matulich² asserts: "The empirical evidence that market shares and industry concentration are quite similar across halibut, sablefish, Bristol Bay red king crab and BSAI opilio crab fisheries suggests that market power among crab processors is unlikely to be an adequate deterrent to collapsing quasi rents under a harvester-only IFQ crab rationalization design." While Matulich presents support for his conclusion that similar conditions in the crab fisheries would result in a similar loss of quasi-rent to crab processors, the statistical evidence is inconclusive. While it seems reasonable to conclude that processors will be relatively worse off with a harvester-only IFQ, the analysis does not provide convincing evidence that processors will be worse off relative to the status quo or that net benefits to the nation are significantly increased. In addition to a more thorough analysis of the extent of

¹ TURFs can be designed as individually held entitlements comparable to ITQs or as collectively coordinated entitlements comparable to Co-op

² Matulich: "Implications of the halibut and sablefish study for crab rationalization," white paper presented to the SSC in April 2002

market concentration in the crab fishery, any attempt to extend the Matulich-Clark halibut-sablefish study to another fishery should include a careful analysis of similarities and difference in market conduct. Market conduct refers to the patterns of behavior that firms follow in adapting or adjusting to the markets in which they sell (or buy). For instance, if firms are sellers, market conduct encompasses mainly:

- (i) The “pricing policies” of firms, whether acting individually or collectively, and
- (ii) The process or mechanism of interaction, cross-adaptation, and coordination of the policies of sellers in any market.

The lack of information on market conduct coupled with difficulties associated with predicting how crab rationalization will affect it, makes any statement on changes in the distribution of rents subject to considerable uncertainty.

Rationalization offers potential gains through cost savings and increases in final product demand. Where potential cost savings and revenue increases are small, potential gains to rationalization are also small and rationalization becomes a matter of redistributing a fixed amount of economic benefits among select participants. In the case of halibut, large increases in wholesale price accompanied by reductions in operating costs provided a large increase in net revenues available to be distributed among harvesters, processors, and crew. While there appear to be opportunities for cost savings in a rationalized crab fishery, the potential for large increases in the wholesale price of crab does not seem likely.

White Papers

Milon-Hamilton Paper

While the Milon-Hamilton paper provides an interesting conceptualization of the distribution of net benefits associated with rationalization, it relies on assumptions that do not provide an appropriate characterization of the BSAI crab fisheries. Because the revised draft of the paper did not address the specific shortcomings delineated in our February 2002 minutes we continue to recommend against incorporating it into the analytic package.

Matulich-Clark Paper

This was the SSC’s first examination of the Matulich-Clark paper “Efficiency and Equity Choices in Fishery Rationalization Policy Design: An Examination of the North Pacific Halibut and Sablefish Policy Impacts on Processors”. This paper provides an interesting contribution to the Council’s discussion of fisheries rationalization. However, there are some questions about the appropriateness of the reported conclusions and the relevance of the results to other fisheries.

Analysis of the Distributional Impacts of Halibut IFQ Implementation

1. The SSC agrees with the Matulich-Clark conclusion that rationalization in the halibut and sablefish fisheries resulted in changes in the proportion of resource rents secured by harvesters and processors. While some processors gained market share and increased net revenues following rationalization, a majority of the processors that were active before the implementation of IFQs appear to have lost revenues as a result of intensified competition with new firms that entered the industry with a mix of capital that was better configured for a fishery with elongated seasons and more custom processing. This redistribution had to do with both a gain in harvester marketing power from an increase in the variety of marketing channels available to harvesters and from the fact that the processing sector was overcapitalized. These distributions of net revenues were not uniform across the processing sectors. It seems likely that some processors lost in absolute

as well as relative terms while others clearly benefitted in absolute terms following implementation of the halibut IFQ program.

2. It is important to remember that participants in the halibut fishery were notified of the Council's intent to restructure the halibut fishery well before the restructuring actually took place. It may help to review the history of management actions in the halibut fishery and the performance of that fishery in terms of season length and average catch per day. The early history of halibut management centered on actions intended to assert control over the magnitude of removals and to provide for steady production. During this period, season length stabilized at about 4 months with catch-per-day between 100,000 and 300,000 pounds. While the FCMA provided protection from foreign competitors, it was followed by a surge in domestic entry that heated up the race for fish. The fishery went into freefall in the late 1970's with season length collapsing to a few 1-2 day openers and a hundred-fold increase in the average catch-per-day. As recounted in, for example, Pautzke and Oliver (1997), immediately following implementation of the FCMA, the newly formed Council proposed a limited entry program for halibut. The proposal was shelved in late 1978 during negotiations over the US-Canada Halibut Convention. The Council next approved a 1-year moratorium on entry for 1982, but because the action was conditional on passage of an amended North Pacific Halibut Act and because the amended Act was not passed until after the start of the 1982 fishing season, no action was taken. In early 1983, the Council approved a 3-year moratorium, however the NOAA administrator disapproved the action and suggested that the Council instead investigate a permanent limited entry system. The Council began consideration of IFQs for the commercial fishery in 1988. In December 1991, the Council approved an IFQ program for both sablefish and halibut. The final rule creating halibut and sablefish IFQs was published in the Federal Register in 1993 and implemented in 1995. Twenty years of advance notice of the Council's intent coupled with observable changes in the Canadian halibut fisheries following the 1993 adoption of IVQs and similar programs in New Zealand and Iceland provided evidence of the likely effect of rationalization on vessel owners, crew, processors, and fishery dependent Communities. Consequently, although harvesters and processors still needed to compete in the open-access fishery, it is likely that harvesters and processors who invested in increased capacity in the years leading up to rationalization recognized the risk inherent in their investment decisions. Moreover, attempts to definitively ascribe changes in profitability to the introduction of IFQs in the halibut fishery will be frustrated by the fact that most of the physical and human capital engaged in the pre-IFQ halibut fishery was also engaged in other fishing and non-fishing activities.

3. The SSC appreciates the cooperation and effort of processors to release industry data to the State of Alaska and Dr. Matulich. However, at a minimum, it would have been helpful had information been provided regarding the representativeness of and variability in the sample data. While the SSC has no reason to doubt the veracity of the data, any study where data are not reported and are not available for independent analysis inhibits verification by the scientific community. For example, the report states, "*Data aggregation problems arose whenever a firm was unable to accurately attribute costs of production to halibut or sablefish.*" The SSC is uncertain as to how these cases were treated. The manner in which these situations were handled will effect estimates of quasi-rents. Concern about the data generating process, verification and representativeness could best be alleviated through implementation of a standardized mandatory data collection program where data is groundtruthed and available to a variety of research investigations.

4. The main body of the report would have benefitted from the inclusion of information about the absolute level of changes in gross earnings, market share and quasi-rents in place of or in addition to the information that was presented in terms of percentage changes.

5. "Pareto Safety" is not equivalent to saying that the distribution of rents pre- or post- rationalization is better. Indeed the question of which distribution of rents is "better" pre- and post- halibut and sablefish rationalization is a judgment call. If "Pareto Safety" is an intended objective of fishery rationalization, then

a concern for compensating those who have made unrecoverable investments might naturally extend to Coastal communities, skippers and crew, and other persons or entities that invested under the assumption that the race for fish would be perpetuated in these fisheries. Moreover, "Pareto Safety" considerations need not be limited to material participants, but could extend to all those who own this public good (i.e. all citizens of the U.S.).

C-6 DRAFT PROGRAMMATIC GROUND FISH SEIS

The SSC received a briefing from Steve Davis regarding progress on revisions to the Alaska Groundfish Draft Programmatic Supplemental Environmental Impact Statement (DPSEIS). Diana Evans and Diana Stram assisted Steve.

Current strategies for DPSEIS development focus on four alternatives that integrate elements from the eight alternatives suggested by the Council in February 2002. The alternatives are being treated as a policy framework, with management elements illustrated by "bookend" case studies. It is suggested that selection of a preferred alternative implies that the Council will work to implement a detailed management plan within the subscribed policy framework using management elements similar to and constrained by the case study bookends.

The next step in development of the revised DPSEIS, is a collaboration with the Council or select committee of the Council to refine the case study management elements. The SSC is willing to assist the Council as required in this endeavor.

C-7(a) PROCESSOR SIDEBOARDS, IR/IU, BSAI HALIBUT PSC CAP, AND HMAP

The SSC reviewed the initial document prepared by Northern Economics that analyzed a suite of proposed management measures: (1) rescind IR/IU regulations for flatfish fisheries, (2) impose AFA processing sideboard limits, (3) implementation of the Halibut Mortality Avoidance Program (HMAP), and (4) revise halibut mortality caps. The SSC also heard public testimony by Susan Robertson (H&G trawl CP vessel operator) and Brent Paine (United Catcher Boats).

The SSC identified several problems with the analysis and recommends the document not be released for public review.

The problem(s) addressed by the proposed measures needs to be clearly stated. First, how proposed halibut bycatch reduction measures relate to protection of non-AFA processors is not readily apparent. Second, the proposed adjustments to IR/IU requirements for the flatfish fishery appear to address differential impacts of these measures on certain segments of the fishery and are not directly related to AFA. The analysis clearly demonstrated that certain BSAI and GOA trawl fisheries (BSAI H&G CPs targeting on YSOL, RSOL, and PCOD and CVs targeting on PCOD in BSAI and GOA) would be severely impacted by the requirement of 100% retention.

A letter received from NMFS indicated that the various options for partial retention requirements proposed as changes to the flatfish IR/IU requirements are not feasible. Implementation of a partial retention requirement for IR/IU flatfish species requires monitoring of the retention rates for individual vessels. This requires both measuring the vessel's retained catch weight together with the vessel's total catch weight of each IR/IU flatfish species. This is not possible with the current catch monitoring system.

The economic impacts of the potential adjustments of IR/IU flatfish requirements are not adequately addressed in the analysis. Significant components of the CP and CV trawl sectors will not be able to operate under the IR/IU flatfish retention requirements. These costs should be explicitly identified in the analysis. The IR/IU flatfish retention requirement will result in additional costs directly associated with retention of IR/IU flatfish. These include: economic costs associated with processing of “valueless” IR/IU flatfish species, additional transport costs in CVs such as hold modifications necessary to segregate flatfish from target species catch, potential environmental as well economic costs associated with disposal of retained flatfish catch (i.e., disposal in landfills or transport and dumping in areas outside council jurisdiction).

The analysis used discards of the IR/IU flatfish species as a percent of the total product recovered or produced (DPP) as a metric of economic impact of IR/IU retention requirements. The intent was to highlight the proportion of hold space lost to finished product through retention of valueless whole flatfish. The SSC notes that this metric may confuse the reader since it reflects substantially greater discard rates than typically reported (i.e., discards as a percent of total catch) and may be wrongly interpreted in terms of biological impact. The SSC recommends that the typical discard rate be displayed together with DPP to accurately contrast the biological and economic impacts.

It was indicated that the HMAP proposal is not feasible under current levels of observer coverage. The HMAP proposal requires that observers monitor the on-deck sorting of halibut bycatch for each haul. This greatly increases the complexity and amount of the observer’s workload, places halibut mortality assessment as the highest priority for observer activity, requires that observers work in a potentially unsafe environment, and increases the potential for conflict between observers and vessel crew. The HMAP proposal cannot be implemented without increasing the number of observers on participating vessels.

The SSC recommends that the document not be released for public review until issues raised and deficiencies identified have been addressed.

C-7 (b) ADDITIONAL SIDEBOARD MEASURES FOR BERING SEA/ALEUTIAN ISLANDS WINTER PACIFIC COD

The SSC received a report from Jon McCracken (NPFMC staff) and Jim Richardson (ResourceEcon). At issue is a complaint brought forward by three trawlers that participate in the Bering Sea/Aleutian Islands (BS/AI) winter Pacific cod fishery. The trawlers maintain that, as a direct result of implementation of the American Fisheries Act (AFA), they face increased competition in their traditional fishery. These three vessels are relatively small trawlers (75-88 feet) that have a long history of participation in the BS/AI winter P. cod fishery. In particular, they assert that because of novel participation by AFA vessels (both those with and without a P. cod exemption) in the January/February Pacific cod fishery they now face:

- (1) increased competition on the primary fishing grounds, namely Statistical Area 655430, resulting in lower catches,
- (2) decreased CPUE resulting in longer fishing times per trip, and
- (3) decreased safety from the creation of a derby style fishery (forced fishing in adverse weather and further from shore out in the Bering Sea).

While the problem statement is implied, the SSC notes that there is a need for a formal problem statement. The SSC believes the analysis provides only weak corroboration of the suggested adverse impacts of AFA on the winter Pacific cod trawl fishery. In support of the three claims, data were provided only on Claim #1. Table 2.1 in the EA/RIR/IRFA shows the number of vessels participating in the winter P. cod fishery between 1995-2001. As claimed, the number of AFA vessels participating jumped from 23 to 36 between 1999 and

2000 (first year of AFA implementation). However, the number of participating vessels was as high as 29 in 1997, and dropped to 24 in 2001. This variable history raises the possibility that it was factors other than the AFA driving participation in the fishery.

The allegation (Claim #2) that CPUE in the fishery has declined due to the presence of AFA trawlers needs to be supported by fishery data. However, during questioning by the SSC, staff reported that observer data available to evaluate this issue was sparse and subsequently not included in the analysis. For similar reasons, the paucity of data makes it equally difficult to confirm Claim #3.

The SSC notes that even with provision of the data described above, irrefutable establishment of cause and effect is unlikely, and may well become an issue in future requests for additional sideboard measures to protect other fisheries.

Nevertheless, whether a direct cause and effect can be demonstrated, public testimony indicated there was recognition within the industry of some level of increased involvement in the winter BS/AI winter P. cod fishery by the AFA trawlers. The SSC was informed of ongoing dialogue between the AFA and non-AFA vessels to voluntarily (and contractually) limit the number of non-AFA trawlers on the winter grounds. Such a solution could eliminate the need for the Council to resolve the matter. At this point in time, however, without such an agreement, **the SSC recommends the EA/RIR/IRFA be sent out for public review once the following additional information is provided:**

1. Maps of trawl locations in the fishery, indexed by fleet type and year
2. Available CPUE data
3. More complete summary of P. cod quota and fraction of quota taken by fleet type and month

C-7 (c) SINGLE GEOGRAPHIC LOCATION (SGL)

Jon McCracken (NPFMC) and James Richardson (Resource Econ), presented the EA/RIR/IRFA, for proposed Amendment 62/62. Terry Leitzel, Joe Childers and Julie Bonney provided public Testimony. The amendment would allow for AFA-qualified inshore floating Pollock processors to operate in more than one location in the BSAI during a fishing year. A separate action would update inshore/offshore language in the BSAI and GOA Groundfish FMPs, and remove the December 31, 2004 sunset date for GOA inshore/offshore. Given the present constraint on the movement of AFA qualified inshore floating Pollock processors to other BSAI locations, the incentive for the additional flexibility these operations and their associated AFA cooperatives provide, is evident. The NMFS has also requested that the Council consider regulatory clarifications of the sunset date and single geographic location change.

The SSC recommends that the document be released for public review with a few additional modifications.

1. Though it is not possible to evaluate the direction or magnitude of change to the environment from the proposed alternatives, it would strengthen the environmental effects section of the document if potential causes and effects were listed. For example, it is possible that relocation of a processing plant may encourage some locational shifts in catcher vessel effort, and decrease or increase bycatch. Relocation of processing facilities may also change discharge locations of plant effluent to more or less desirable locations and may require review of and/or new coastal zone permits.

2. While there is a section on competition and efficiency effects of the alternatives, there is no separate section to discuss distributional effects. The SSC believes analysts should add a separate section to discuss these effects.
3. Public testimony raised the possibility of a few distributional effects that were not addressed in the document. With the relaxation of single location constraints, a floating processor that moves to a new location may not provide identical access to processing of other groundfish previously delivered to that site. It is not clear that the freedom to move to new locations within the BSAI would also extend to movement into new areas of the Gulf of Alaska. If such movement is permissible, the analysis needs to address the issues provoked by the new entry.
4. It was reported that since AFA, there are increased numbers of GOA catcher/processing firms. We do not know if this is correct, or if this should be analyzed as part of this action, but this is the first time that the potential change has been brought to the attention of the SSC.

C-8 ESSENTIAL FISH HABITAT

The SSC heard a brief report from Cathy Coon on the March 27 meeting of the EFH Committee, which was held in conjunction with a NMFS Workshop on EFH. Heather McCarty, a member of the EFH Committee, provided public testimony.

The SSC recognizes that developing criteria for EFH and HAPC is a work in progress. While EFH guidelines point to concerns for managed species, the SSC cautions the Council against assuming too narrow a view of the habitats and communities that support these species. Comprehensive knowledge of dependencies among benthic communities is largely lacking. The SSC also agrees with the Committee that large gaps in knowledge will make it very difficult to define EFH and HAPC. One potentially informative analysis to evaluate bottom trawl impacts would be to compare the NMFS bottom trawl survey data relative to the spatial distribution of commercial trawling activity to determine if changes in survey catch rate, species, or size composition can be related to amount of trawling activity.

The SSC looks forward to receiving future progress reports from the EFH Committee and will continue to provide input at that time.

C-10 STELLER SEA LION - TRAILING AMENDMENTS

Ben Muse and Susan Salvesson provided the SSC with a presentation of the rationale for the proposed SSL trailing amendments. One amendment addresses management of the fishery Aleutian Island pollock fishery. Alternatives considered are: 1) the no action alternative which would allow the January 1, 2003 sunset of the present regulation and would permit fishing for pollock outside of critical habitat with 40% of the catch in the A season and 60% in the B season; 2) which would continue the prohibition of a directed pollock fishery in the Aleutian Islands subarea, and 3) allow a resumption of the fishery as in Alternative 1, but without the requirement to split the fishing effort between an A and B season. A second trailing amendment addressed pot fishing for P. cod off the Caton Island and Cape Barnabus Steller Sea Lion haulouts (Alternative 4), providing an exemption for pot vessels to fish within the 0-3 mile closures. The pot fishing amendment was advanced to comport with regulations in State water fisheries and would affect the parallel fisheries for vessels carrying federal fishery permits.

The SSC recommends that the document not be released for public review until the following modifications have been completed and the revised document reviewed by the SSC:

1. There needs to be a clear Problem Statement at the outset of the discussion of the alternatives.
2. There is concern that these amendments set a precedent that with some accumulation of additional amendments may lead to the breakdown of the management program that is now in place.
3. For the trailing amendments addressing the Aleutian Island pollock fishery, provide the history of why this fishery was originally closed, and what has changed to justify its reopening at this time.
4. For the Caton Island and Cape Barnabas closures, evaluate a) the impact of potential human/sea lion interactions, b) the projected catch as a proportion of the fish available to be caught in each region, c) the catch histories and catch distributions of the vessels affected by the proposed exemption, and d) the impact of the presence of the pot fishery on the potential for the rebuilding of sea lion use of the two haulout areas.
5. A thorough discussion of the reasons that the NMFS Protected Resources Division concluded that these two actions would not effect Steller sea lions should be included in the revised document.

RESEARCH PRIORITIES

The SSC received an information report from Dr. Clarence Pautzke, Executive Director, North Pacific Research Board (NPRB), a recently organized funding agency.

The Board anticipates annual allotments of nearly 10 million dollars that it intends to distribute to worthy researchers through a request for proposal process. Enabling legislation forming the Board stipulates that funds be used “*for the purpose of carrying out marine research activities on or relating to fisheries or marine ecosystems in the north Pacific Ocean, Bering Sea and Arctic Oceans (including any lesser related bodies of water), with priority on cooperative research efforts designed to address pressing management or marine ecosystem information needs*” (emphasis added).

Dr. Pautzke is soliciting recommendations from the NPFMC SSC to identify and prioritize topical areas of applied research that address the Board’s legislative intent. Dr. Marasco has agreed to organize a working group to draft thematic priorities to be reviewed and finalized by the SSC at the June 2002 NPFMC meeting.