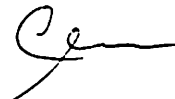


MEMORANDUM

TO: Council, SSC, and AP Members

FROM: Clarence G. Pautzke
Executive Director



DATE: January 12, 1989

SUBJECT: Sablefish Management

ACTION REQUIRED

- (a) Review and approve Sablefish Management Committee list of concerns.
- (b) Review and approve Sablefish Management Committee lists of decision points for Individual Fishing Quota (IFQ) and License Limitation management systems.
- (c) Indicate future course of action in preparation for final Council decision at the December 1989 meeting.

BACKGROUND

The Sablefish Management Committee was formed at the December, 1988 meeting and charged with defining the areas of concern and options that might accompany IFQ and License limited access systems. At that time, the Council passed two motions concerning sablefish limited access:

1. The Council finds that the status quo for sablefish is an unacceptable form of management.
2. The Council indicates its directional preference for two options: an IFQ system similar to Alternative 3 in the EA/RIR, and license limitation similar to Alternative 4, for longline sablefish in the Bering Sea/Aleutian Islands and Gulf of Alaska; and that a committee of Council and staff members be formed to define the areas of concern and options that might accompany such systems to report back to the Council in January so that the Council then can indicate to what extent it would like those options to be fully analyzed in preparation for a final decision at the December 1989 Council meeting.

The Committee met on January 4 in Anchorage and the meeting summary is provided as item C-5(a). The Committee's list of 12 areas of concern is provided as item C-5(b) while their list of decision points and options for IFQ and License systems are listed in items C-5(c) and (d), respectively. A preliminary schedule for plan development is also included as item C-5(e). Public comment concerning the plan received since the last Council meeting is included in item C-5(f).

Sablefish Limited Access - Areas of Concern¹

1. Concentration of ownership rights.
2. Disruption of the traditional relationship between vessel owners, crewmen, and processors.
3. The fear of increases in governmental controls, regulations, intrusion, and costs.
4. Locking out proximate local communities from future participation.
5. Highgrading.
6. Extremely high "buy in" costs for new entrants and an associated decrease in the ability of new entrants to make it on their own.
7. Limited access is forever and, even if not working, will not go away.
8. Fishermen will begin to work for a wage and their income will decrease.
9. Processing will move almost entirely offshore.
10. Philosophical
 - A. Not morally proper to make windfall profits due to being in the right place at the right time.
 - B. Denies people's inalienable right to fish.
 - C. Not "free enterprise".
11. The process of implementing limited access will be slowed due to a lack of allocation by gear group in the Bering Sea and Aleutian Islands areas.
12. A specific date to restrict entry (a moratorium or cut-off date) has yet to be stated to properly inform fishermen of the Council's intent.

5:06 Concern about resource not being utilized = use / lose it

¹These areas of concern, taken from public testimony during Council meetings, written comments, and the 1988 sablefish workshops, were finalized by the Sablefish Management Committee. Many areas of concern centered on decision points such as who would receive the access right. Such concerns are not listed here since they will be addressed when choosing particular options.

Decision Points for IFQ Management System

This document was agreed upon by the Sablefish Management Committee at their January 4, 1989 meeting in Anchorage. Items which are underlined were comments by the Committee or items requiring special note by the Council. Items over a grey background are choices the Committee recommends deleting. Items in brackets [] are the choices used in the August 10, 1988 draft Sablefish Management Plan.

I. Scope of Program

- A. Species: Sablefish
- B. Gear: Longline only, including historic pot boats
- C. Areas:
 - 1. Gulf of Alaska
 - 2. Bering Sea
 - 3. Aleutian Islands

II. Means of Access Control

A. Type of IFQ [Percentage of the TAC]

- 1. Fixed weight - allows participants to be certain of the quantity they control from year to year but would require government or industry intervention when TAC decreased.
- 2. A percentage of the TAC defined, possibly defined as a "unit"- the individual allocation varies from year to year with the size of the TAC and it could be expressed as a large number of "units" rather than a small percentage.

B. Coverage of IFQ [4 Gulf areas as noted below, Bering Sea and Aleutian Islands, yearly]

- 1. Area
 - i. Gulf of Alaska
 - a. 4 areas - Southeast/outside and East Yakutat, West Yakutat, Central, Western
 - b. 2 areas - eastern Gulf (Southeast/outside, East and West Yakutat) and western Gulf (Central and Western)
 - c. 1 area, Gulf-wide.
 - ii. Bering Sea
 - iii. Aleutian Islands
 - iv. Combine Bering Sea and Aleutian Islands
 - v. Combine Gulf, Bering Sea, and Aleutian Islands areas
- 2. Yearly or by season - seasonal IFQs would spread fishing pressure out by mandate whereas yearly would allow the market to dictate the season of landing.
- 3. Leave a portion of the fishery open access (Prochoice)
 - i. No controls on landings per entity in the open portion.
 - ii. Set a maximum landing per entity in the open portion.

- C. Who initially [Vessel owners and/or permit holders]
1. Vessel - ties allocation to the vessel.
 - i. With the current vessel.
 - ii. Reverts to the last qualified vessel owner.
 2. "Person" (must include an extensive definition of "person" or "entity") - decision as to who to reward, documentation is in landing records for owner, permit holder, and processor, some difficulty with those leasing vessels, and extensive appeals expected for crewmen, financial risk taker, and point system.
 - i. Vessel owner(s)
 - ii. Person leasing a vessel - "qualified" or all
 - iii. Permit holder(s)
 - iv. Processor
 - v. Crewmen, with restrictions
 - vi. Financial risk taker if different than above
 - vii. People qualifying under a point system
 - viii. Other

II. Initial Allocation

- A. How is the allocation made [Allocation by qualification and eligibility]
1. Allocation by qualification and eligibility.
 2. Lottery
 - i. Open to anyone - allows equal participation by all (U.S. citizens?) but involves much reallocation prior to fishing.
 - ii. Open only to "qualified" people - depending on who is qualified (see above) allows equal chances to all involved.
 3. Auction system, would require a change to Magnuson Act - could be used to fund observers, etc. and would function as gas leases do.
 - i. Open to anyone - allows equal participation by all (U.S. citizens?) but involves much reallocation prior to fishing.
 - ii. Open only to "qualified" people - depending on who is qualified (see above) allows equal chances to all involved.
- B. Eligibility [1984-1987, landings of 1,000 lbs or more in any year]
1. What years - more recent years allows for more participation while earlier years rewards those who have participated longer or developed the fishery.
 - i. 1984, 1985, or 1986 through 1988.
 - ii. 1984 or 1985 through 1987.
 - iii. cutoff in 1985.
 2. Landings threshold - a higher amount restricts more people but allows a greater share for those eligible.

- i. Average - would smooth out exceptional highs or lows.
 - ii. Best year(s) - a proxy for everyone's potential.
 - iii. Based on vessel size - recognizes that different size vessels have different potentials.
 - 3. Duration of participation
 - i. Must be a current participant.
 - ii. Not necessarily a current participant but number of years participation.
 - 4. Investment threshold - recognizes future participation, boats, gear, keel laid, etc.
 - i. Qualifying with a history of participation.
 - ii. Non-qualifying with a history of participation.
 - iii. Non-qualifying with no history of participation.
 - 5. Income dependency based on earned income - a ranking of dislocation.
 - 6. Financial risk - similar to investment and ownership.
 - 7. Point system - many possibilities and could incorporate some or all of above.
- C. Basis for how much per entity [Average of two best years landings]
- 1. Landings - a matter of record in NMFS files.
 - i. Best year - as above.
 - ii. Average - as above.
 - iii. Stair step - used to reduce appeals, all qualified in a certain range receive the same amount.
 - 2. Financial investment, must carefully consider how to measure - a matter of record in private files, must be submitted, and the type chosen dictates which group is rewarded.
 - i. Vessel
 - ii. Gear
 - iii. Other
 - 3. Potential performance - includes keels laid, etc.
 - 4. Point system - requires a lengthy appeals process.
 - 5. Rural points - rewards costal residents, possible discrimination, may need Magnuson Act change.
 - 6. Years in fishery - rewards longevity.
 - 7. Equal allocations - reduces appeals tremendously but severely impacts those with high historical landings.
 - 8. Vessel size - assignment of stair step or other allocations based on size of vessel, reduces appeals.

leave in

III. Transferability

- A. Degree of transferability All choices considered under transferable rights needs to take into account the protection of consumer and small business interests. [Totally transferable]
 - 1. Totally transferable - eligible for sale and lease.

2. **Totally non-transferable - allows for no accumulation of shares or windfall monetary gains but hinders the efficiency of the system.**
3. **Non-leasable but saleable - requires use by entity owning IFQs so removes chance of absentee owners and allows market to work at higher price.**
4. **Leasable but non-saleable - removes chance of absentee owners but allows market to function at lower price.**
5. **Emergency provisions - to allow for health problems, etc.**

B. Transferable mechanisms

1. **Management [Government approval but could be conducted privately]**
 - i. **Must pass through government - allows government to monitor control but slows down process a bit.**
 - a. **Government is the only approved broker.**
 - b. **Government approval required but transactions may be conducted privately.**
 - ii. **Private transfers without government monitoring - more difficult to track control but faster.**
2. **Types - many other probably possible. [Not specific]**
 - i. **Reverse checking accounts (coupons) - allows for use of any size amount.**
 - ii. **New Zealand style - fixed minimum size of IFQs.**
 - iii. **Other.**
3. **Grace period - depends on transferability. [Not specified]**
 - i. **None - restricts fishermen during a good trip or between trips until they can locate IFQs.**
 - ii. **By year or quarter - based on type of IFQ, provides a good monitor on current landings.**
 - iii. **Specified period and year end - makes the time period to report finite and manageable and allows makeup in following period.**
 - iv. **Specified period regardless of year end - allows no makeup in following period but allows overrun to be more easily taken from next years allocation.**
 - v. **Set date before the season for transfers to be accomplished, after that transfers allowed during the season by emergency only on a case by case basis.**
4. **Transfers between areas - depending on transferability. [Not specified]**
 - i. **Small amounts to fill trips - allows fishermen to adjust landings without going to IFQ market.**
 - ii. **None - maintains strict biological controls.**
 - iii. **Between entities controlling IFQs.**

IV. **Controls on Ownership, must discuss level of "control" or ownership and must define "control". [Suggested but not specified]**

The committee felt some form of control on ownership should be instituted but industry input and data analysis are needed before further decisions.

- A. Restrict by vessel - sets top landings per vessel (and possibly effort level) but does not control ownership of vessels.
 - B. Limit on "control" by any entity - potentially difficult to monitor but includes vessels, holding companies, etc.
 - C. Require proof of ownership or participation to "control" - restricts who can join in, can be used with others.
 - D. On board or present when landing - keeps IFQs with active participants but would have to be modified for corporations.
 - E. Citizenship requirements (reflagging legislation) - either use existing legislation or change it.
 - F. ~~No control.~~
- V. Duration of harvest rights - depending on transferability. [No specified ending date]
- A. No specified ending date - grants large windfall gains.
 - B. Specified limited duration with reallocation following - reduces size of windfall gains.
 - C. Allow for review in a specified time (perhaps 5 years) - does not sunset the system but allows for major structural changes if required.
- VI. Adjusting amount of IFQs available [Not specified]
- A. Not necessary unless IFQs in absolute weight or for government needs (surveys, etc.)
 - B. ~~IFTAC's change dramatically - government or industry intervention or prorate IFQs (functionally percentages).~~
- VII. Coastal Communities [No specific discussion]
- A. Initially how community gains access, may require Magnuson Act change.
 - 1. Allocated - includes communities but reduces other participants shares.
 - 2. Allowed for - no initial allocation but allows communities to buy in and be "separate but equal".
 - B. Specific regulations
 - 1. Individuals or communities or coastal development organization - who gets them, person, town, corporation, etc.
 - 2. Qualification of ownership right - coastal, proximate, port, etc.
 - 3. Definition of community
 - 4. Use by owner or not - to be used by the entity, leased by it, or both.
 - 5. Special transferability rights - transferable when all others are not, etc.
 - 6. Administrating body - a special body set up to remove local conflicts and provide cohesion.
 - 7. Special duration rights - as with transferability.

8. Amount to be allowed - limits amount totally allocated or allowed to communities.

VIII. Administration

A. Agency [NMFS]

1. NMFS region.
2. Privatization - would require federal oversight at some level.
3. North Pacific Fishery Management Council.
4. Commercial Fishery Entry Commission.
5. Other.

B. Dispute settlements

1. Basis of judgement [Fact]
 - i. Fact - reduces number of appeals.
 - ii. Testimony - used by State of Alaska.
2. Hearing officer [NMFS Regional Director]
 - i. Administrative law judge with appeals to the Secretary of Commerce and then the court system - impartial and a federal employee.
 - ii. Appeals board with decision by the NMFS Regional Director and appeals to the Secretary and then the court system - open to question but more knowledgeable of germane issues.
 - iii. Binding arbitration.

The committee felt that the Council needs to be aware of the following items and may wish to comment on them but that the Council staff and NMFS will deal with the specifics.

C. Enforcement [Not specific]

1. Nature of right - must be defined (property, lease, harvest, etc) including its use as collateral and the ability of NMFS to censor the right.
2. Ability to accurately account for catch - reporting, observer, and monitoring systems.
3. Adequate enforcement procedures - a new system requires new methods of enforcement (accountants).
4. New regulations - see above.
5. New penalties - see above.

D. Document trail [Through wholesale]

1. Time of landing - fish tickets.
2. Processor - secondary form to collaborate fish tickets.
3. Wholesale - allows enforcement to target fish at several levels.
4. Retail - difficult but allows total tracking of fish.

Decision Points for License Management System

This document was agreed upon by the Sablefish Management Committee at their January 4, 1989 meeting in Anchorage. Items which are underlined were comments by the Committee or items requiring special note by the Council. Items over a grey background are choices the Committee recommends deleting. Items in brackets [] are the choices used in the August 10, 1988 draft Sablefish Management Plan.

I. Scope of Program

- A. Species: Sablefish
- B. Gear: Longline only, including historic pot boats
- C. Areas:
 - 1. Gulf of Alaska
 - 2. Bering Sea
 - 3. Aleutian Islands

*Separate
then
combine*

II. Means of Access Control

- A. Type of license [Effort level specified by vessel size]
 - 1. All equal - ease of checking but does not reflect potential effort levels.
 - 2. Effort level specific
 - i. Vessel length (size) - might require a survey, is a proxy for available effort.
 - ii. Capacity - might require a survey, is a proxy for vessel size.
 - iii. Processing/non-processing - recognizes differences in time between port calls.
 - iv. Horsepower
 - v. Other
- B. Coverage of license [Gulf-wide, Bering Sea, and Aleutian Islands areas, yearly]
 - 1. Area
 - i. Gulf of Alaska
 - a. 4 areas - Southeast/outside and East Yakutat, West Yakutat, Central, Western
 - b. 2 areas - eastern Gulf (Southeast/outside, East and West Yakutat) and western Gulf (Central and Western)
 - c. 1 area, Gulf-wide.
 - ii. Bering Sea
 - iii. Aleutian Islands
 - iv. Combine Bering Sea and Aleutian Islands
 - v. Combine Gulf, Bering Sea, and Aleutian Islands areas
 - 2. Yearly or by season - seasonal licenses would spread fishing pressure out but might be valued differently.
 - 3. Leave a portion of the fishery open access (Prochoice)

i. No controls on landings per entity in the open portion.

ii. Set a maximum landing per entity in the open portion.

C. Who initially [Vessel owner]

1. Vessel - ties allocation to the vessel.

i. With the current vessel.

ii. Reverts to the last qualified vessel owner.

2. "Person" (must include an extensive definition of "person" or "entity") - decision as to who to reward, documentation is in landing records for owner, permit holder, and processor, some difficulty with those leasing vessels, and extensive appeals expected for crewmen, financial risk taker, and point system.

i. Vessel owner(s)

ii. Person leasing a vessel - "qualified" or all

iii. Permit holder(s)

iv. Processor

v. Crewmen, with restrictions

vi. Financial risk taker if different than above

vii. People qualifying under a point system

viii. Other

II. Initial Allocation

A. How is the allocation made [Allocation by qualification and eligibility]

1. Allocation by qualification and eligibility.

2. Lottery

i. Open to anyone - allows equal participation by all (U.S. citizens?) but involves much reallocation prior to fishing.

ii. Open only to "qualified" people - depending on who is qualified (see above) allows equal chances to all involved.

3. Auction system, would require a change to Magnuson Act - could be used to fund observers, etc. and would function as gas leases do.

i. Open to anyone - allows equal participation by all (U.S. citizens?) but involves much reallocation prior to fishing.

ii. Open only to "qualified" people - depending on who is qualified (see above) allows equal chances to all involved.

B. Eligibility [1984-1987, minimum landings of 1,000, 5,000, or 10,000 lbs in 1984-1986 for full license and otherwise some landings in those years or first landings in 1987 for a restricted license]

1. What years - more recent years allows for more participation while earlier years rewards those who have participated longer or developed the fishery.

i. 1984, 1985, or 1986 through 1988.

- ii. 1984 or 1985 through 1987.
 - iii. ~~cutoff in 1985.~~
2. Landings threshold - a higher amount restricts more people.
- i. Average - would smooth out exceptional highs or lows.
 - ii. Best year(s) - a proxy for everyone's potential.
 - a. 1,000 lbs.
 - b. 5,000 lbs.
 - c. 10,000 lbs.
 - d. 25,000 lbs for vessels over 50'.
 - e. 50,000 lbs for vessels over 50'.
 - iii. Based on vessel size (or effort factor) - recognizes that different size vessels have different potentials.
3. Duration of participation
- i. Must be a current participant.
 - ii. ~~Not necessarily a current participant but number of years participation.~~
4. Investment threshold - recognizes future participation, boats, gear, keel laid, etc.
- i. Qualifying with a history of participation.
 - ii. ~~Non-qualifying with a history of participation.~~
 - iii. ~~Non-qualifying with no history of participation.~~
5. ~~Income dependency based on earned income - a ranking of dislocation.~~
6. ~~Financial risk - similar to investment and ownership.~~
7. ~~Point system - many possibilities and could incorporate some or all of above.~~
- C. Type of license - by vessel size, etc., useful depending on transferability and upgrading. [5 classes: less than 40', 41 to 50', 51 to 60', 61 to 70', and over 70']
- The Committee felt that the following size classes were sufficient for a beginning but should be more appropriately defined with industry input.
- 1. Class A - less than 40 ft.
 - 2. Class B - 41 to 50 ft.
 - 3. Class C - 51 to 60 ft.
 - 4. Class D - 61 to 70 ft.
 - 5. Class E - over 70 ft.

- III. Transferability All choices considered under transferable rights needs to take into account the protection of consumer and small business interests. [Totally transferable if minimum landings in 1984, 1985, or 1986 otherwise non-transferable if first landings in 1987 or less than minimum landings in all three years]
- A. ~~Totally non-transferable - allows for no windfall monetary gains.~~
 - B. ~~Non-leasable but saleable - requires use by license owner so removes chance of absentee owners.~~

- C. Leasable but non-saleable - removes chance of absentee owners but allows all licenses to be used.
- D. Size or effort level specific - useful if split seasons, etc. or with combinative.
- E. Totally transferable - effort levels would increase with addition of large vessels but allows full freedom to industry.
- F. Combinative - allows for a reduction and/or an increase in the number of vessels in different size categories.
- G. Emergency provisions - to allow for health problems, etc.

IV. Controls on Ownership [Restrict by vessel size and a limit of one active and a total of two licenses per area per entity]

The committee felt some form of control on ownership should be instituted but industry input and data analysis are needed before further decisions.

- A. Restrict by vessel size or effort - stops buildup of mini-fleets of similar sized vessels.
- B. Limit on "control" by any entity - potentially difficult to monitor but includes vessels, holding companies, etc.
- C. Require proof of ownership or participation to "control" - restricts who can join in, can be used with others.
- D. On board or present when landing - keeps licenses with active participants but would have to be modified for corporations.
- E. Citizenship requirements (reflagging legislation) - either use existing legislation or change it.
- F. No control.

V. Duration of harvest rights - depending on transferability. [No specified ending date]

- A. No specified ending date - grants large windfall gains.
- B. Specified limited duration with reallocation following - reduces size of windfall gains.
- C. Allow for review in a specified time (perhaps 5 years) - does not sunset the system but allows for major structural changes if required.

VI. Adjusting Amount of licenses available [Not specified]

- A. Use or lose - reduces the number of speculative licenses but may increase the number of active vessels, could be used for redistribution or retirement.
- B. Buyback - if needed.
 - 1. Government - Would need funding from some source and would require Magnuson Act change.
 - 2. Industry - may or may not be dependable.

VII. Coastal Communities [No specific discussion]

- A. Initially how community gains access, may require Magnuson Act change.

1. Allocated - includes communities but reduces other participants shares.
 2. Allowed for - no initial allocation but allows communities to buy in and be "separate but equal".
- B. Specific regulations
1. Individuals or communities or coastal development organization - who gets them, person, town, corporation, etc.
 2. Qualification of ownership right - coastal, proximate, port, etc.
 3. Definition of community
 4. Use by owner or not - to be used by the entity, leased by it, or both.
 5. Special transferability rights - transferable when all others are not, etc.
 6. Administrating body - a special body set up to remove local conflicts and provide cohesion.
 7. Special duration rights - as with transferability.
 8. Amount to be allowed - limits amount totally allocated or allowed to communities.

VIII. Administration

A. Agency [NMFS]

1. NMFS region.
2. Privatization - would require federal oversight at some level.
3. North Pacific Fishery Management Council.
4. Commercial Fishery Entry Commission.
5. Other: *Sub CONTRACT*

B. Dispute settlements

1. Basis of judgement [Fact]
 - i. Fact - reduces number of appeals.
 - ii. Testimony - used by State of Alaska.
2. Hearing officer [NMFS Regional Director]
 - i. Administrative law judge with appeals to the Secretary of Commerce and then the court system - impartial and a federal employee.
 - ii. Appeals board with decision by the NMFS Regional Director and appeals to the Secretary and then the court system - open to question but more knowledgeable of germane issues.
 - iii. Binding arbitration.

The committee felt that the Council needs to be aware of the following items and may wish to comment on them but that the Council staff and NMFS will deal with the specifics.

C. Enforcement [Not specific]

1. Nature of right - must be defined (property, lease, harvest, etc) including its use as collateral and the ability of NMFS to censor the right. May wish to use license with

effort size endorsements if needed.

2. Ability to accurately account for catch - reporting, observer, and monitoring systems.
3. Adequate enforcement procedures - a new system requires new methods of enforcement.
4. New regulations - see above.
5. New penalties - see above.

SABLEFISH MANAGEMENT COMMITTEE

Meeting Minutes
January 4, 1989

The first meeting of the Sablefish Management Committee occurred on January 4, 1989 in the Council office in Anchorage. Committee members present were: Joe Blum (Chair), Bob Alverson, and Henry Mitchell. John Winther participated by speaker phone from Juneau. Don Collinsworth could not attend. Others present in Anchorage were: Bill Robinson (NMFS, NWR); Clarence Pautzke, Steve Davis, and Dick Tremaine (NPFMC); and members of the public Paul Kelly, Jessie Nelson, and Will Tillion. Also present in Juneau were Jay Ginter (NMFS, AKR) and one member of the public.

The Committee opened its meeting by reviewing the Council's charge to "define the areas of concern and options that might accompany such (limited access) systems". They proceeded to list 12 areas of concern which they felt the Council should consider when developing a limited access system. This was followed by the enumeration of two separate lists containing the many decision points needed to design either an IFQ or License Limitation system and the possible options for each point.

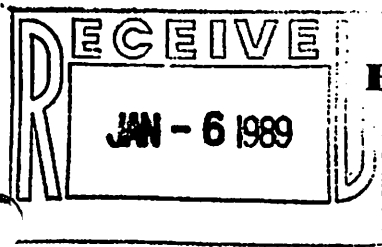
During the discussion of concerns, two important points were noted. Foremost, were the restrictions on limited access systems currently imposed by the Magnuson Act. The Act does not allow the government to recover resource rents in excess of administrative costs. This precludes, among others, such approaches as auctions and large yearly or transfer fees for harvest rights. It was noted that the Act is undergoing reauthorization this year and it might be possible to institute any desired changes before the final Council decision in December.

The concentration of ownership of harvest rights in the hands of a few is considered to be an area of concern. It was noted that the U.S. Department of Justice is responsible for ensuring that the ownership rights do not become concentrated in proportions out of the norm for the industry. NMFS General Council's advice to the Mid-Atlantic Council, currently holding public hearings on an IFQ system in the surf clam fishery, was that the Council should be concerned with the initial allocation only, since concentration beyond that point is outside their purview. It was noted by the Committee, however, that social equity concerns may be a justifiable reason for the Council to set explicit ownership limits rather than leaving the issue entirely up to the Justice Department.

After listing all the decision points and options that Committee members could think of in regard to each of the two limited access systems, the Committee proceeded to narrow the number of options it felt the Council should consider. While the Committee desired to maintain flexibility in designing specific systems, they felt that narrowing of options would assist the Council in its early decision making, send a clearer picture to the industry concerning the type of systems being considered, and facilitate the comprehensive analysis of the design alternatives chosen. The Committee's recommendations are indicated in the lists of decision points and options [items C-5(c) and (d)].

**Proposed Schedule for Implementation of
Sablefish Limited Access Management System**

1989	January 16	Council reviews Committee findings and preliminary decisions.
	January - February	NMFS obtains required confidential data.
	Early February	Work scoping session for staff. Committee continues work on technical points of system.
	April 10	Council decides on further technical points.
	April - May	Committee continues to work on technical points.
	June 19	Council finalizes choices for preferred systems. Final analyses begun. Review of analyses by arbitrary expert panel.
	September 25	Council reviews analyses.
	October	Document out for public comment.
	December 4	Council chooses preferred alternative. FMP submitted for Secretarial review.
1990	Beginning in April	Council notified of Secretarial decision. Begin notification of fishermen. Begin appeals procedure. Issue final IFQs or licenses.
1991	January 1	New management system takes effect.



FISHING VESSEL OWNERS' ASSOCIATION
INCORPORATED

ROOM 232, C-3 BUILDING • FISHERMEN'S TERMINAL
 SEATTLE, WASHINGTON 98149

SINCE 1914

ACTION	ROUTE TO	INITIAL
	Exec. Dir.	y
	Deputy Dir.	
	January 3, 1989	
cc: D1	Exec. Sec.	
	Staff Asst. 1	
	Staff Asst. 2	
	Staff Asst. 3	
	Economist	
	Sec. Bkkr.	
	Sec. Typist	

John G. Peterson, Chairman
 North Pacific Fisheries Management Council
 P.O. Box 103136
 Anchorage, Alaska 99510

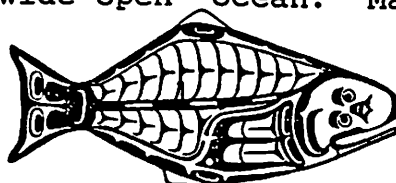
Mr. Chairman,

The Fishing Vessel Owner's Association membership has voted to withdraw it's support of limited-entry in the black cod fishery. This response is due to many factors, most of all, a lack of faith that the council has the ability to develop a system that will accomplish the goals we, the FVOA, had intended when we made the proposal for a limited-entry system.

Time, for a limited-entry system that works, has expired. Two years ago, the industry made the request for a license-limitation fishery. Since that time the writing on the wall has been transferred to actual statistics in wastage, gear conflict, lives, injuries, and over-capitalization. In addition, the Joint-Venture fleet is not disintegrating. It is moving into other already maximized fisheries. Aside from the transformation of the JV fleet, thirty (30) new factory longliners will get wet this year. Two years ago, I was interested in factory longlining. In my cash flow analysis, I used an annual production estimate of 500,000 pounds of black cod, a reasonably conservative figure assuming your vessel is not tied to the dock. Multiplying that figure by thirty boats and you have one-quarter of the quota presently allowed towards the longline fishery. With twenty-two boats, the Japanese harvested this fishery and other species as well.

Here is a fishery and a market developed by the Japanese. With the ratification of the Magnuson Act, they had to hand us the keys to this fishery. Now we have a sixty-million dollar product (ex-vessel!) that the Japanese want to buy from us. Imagine that, and we don't have the leadership to be able to maximize our gift from the Japanese. Leave it to Yankee ingenuity to convert a 22 boat fishery to a 200-500 boat fishery.

Our action may seem at first a knee-jerk reaction to the December meeting. However, the more experienced members of the council may recall a time ten years past, when the FVOA strove for a very similar goal in the halibut fishery. Incidentally, this limited entry movement was assured defeat at the hands of particular Bering Sea communities, had the industry not supported a 3 year "developmental" halibut fishery in the Bering Sea. After ten years the only remnant of the halibut limited-entry effort has been a blatantly biased fishery in the central Bering Sea in an otherwise wide open ocean. Many people, including



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myself, consider the halibut fishery best used as an example of how not to manage a fishery.

Our organization has been in existence for 75 years. We have been a player in the council process since it's inception 12 years ago. In 1988, we spent 34,000 dollars, not including staff salaries, on airfare and board and room for our representatives at council meetings. At the December meeting, you saw our representatives and many other industry representatives testify unanimously for limited-entry, with the exception of one group from Kodiak. Nevertheless, the council voted to postpone its decision another year. The FVOA feels that limited-entry will not work next year, and instead will work against the fisherman. The FVOA wanted effort limitation, not additional effort. By not shutting the door on entry, the council has allowed more vessels into the fishery. The FVOA feels that the council's inaction at this point is totally against responsible fisheries management.

Mr. Chairman, with the council's vote which soundly trounced license limitation and also the vote against a moratorium, I must assume that either status quo or the ITQ system are the choices that remain. How are either of these systems going to be applied to the Bering Sea where there is no directed black cod fishery in the most prolific waters in all Alaska? What good is a share system, if you get a share of absolutely nothing!

Our organization believes other issues are of immediate importance which overshadow the long-term goal of fleet rationalization. On page 9, January, 1989, National Fisherman magazine, with permission (underscore added);

"The Japanese don't understand our holier-than-thou attitude about cheating in the fishing business," Tillion says. "They don't condone cheating, but they feel they are being singled out. INPFC Commissioner Shima, who has been involved in the North Pacific for 40 years, pulled me aside at the last meeting [in November] and said, "Our people cheat, and we send them to jail. I just want to tell you that we purchased 25% more black cod than the total amount allocated by the North Pacific council" I checked the figures, and he's right," Tillion says."

Sincerely,



Dean Adams, F/V QUEST
FVOA, President

