MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director

DATE: April 13, 1994

SUBJECT: Comprehensive Rationalization Planning (CRP)

ESTIMATED TIME

14 HOURS

ACTION REQUIRED

(a) Receive status report on Moratorium.
(b) Review License Limitation Analysis; possibly send out for public review.
(c) Review IFQ 'Elements and Options'.
(d) Review progress on Harvest Priority/Full Utilization.
(e) Provide further direction for staff.

BACKGROUND

(a) Status report on Moratorium

Included in the Council's CRP action from January was a motion to expedite the moratorium on vessel entry as a necessary step towards rationalization. NMFS will have an update for the Council on the status of this amendment.

(b) Review License Limitation Analysis

The second major step towards rationalization identified by the Council was to expedite a License Limitation program in the groundfish and crab fisheries, giving it priority over further IFQ development. Some of the databases and economic models to be used in a formal IFQ analysis continue to be developed, though more slowly than originally assigned. Primary staff time on CRP has been devoted to analyzing the various elements and options for the license limitation alternatives for both groundfish and crab.

The license analysis was completed late last week and could not be mailed to you ahead of this meeting. If the Council chooses to continue with an expedited schedule for License Limitation, this analysis could serve as a public review document, prior to final action at the June meeting. This assumes no major additions or changes are made to the alternatives under consideration. In order to provide a 30-day public review prior to Council action, the document would have to be available to the public no later than May 9. This will give us only two weeks to finalize it.

The Council also needs to consider other studies in process which bear on the overall CRP issue. The social impact analysis (SIA) contracted by the Council is due for completion in mid-May, with a final document likely available by May 20. This document will consist of the fleet sector profiles

requested by the Council as well as a limited social impact assessment of the major limited entry alternatives under consideration, including IFQs. When the SIA began, the Council was looking more closely at IFQs as the primary management alternative, and the results of the SIA may be geared more in that direction. We expect the results of this SIA to remain relevant to future development of IFQ alternatives, while being pertinent to the more immediate License Limitation consideration. This document will not be available for public review, however, until about two weeks prior to the June meeting. We would send it in the overnight express to anyone that requested it.

The Community Profiles which have been drafted under separate contract by the Council also need to be finalized, a process which may be completed by late May as well. Information from these profiles will be incorporated in the SIA study being completed by Impact Assessment, Inc. As you will recall, the Community Profiles are intended to provide a snapshot of fisheries involvement by coastal communities in Alaska and the Pacific Northwest.

Item C-2(a) is the list of potential elements and options for the License Limitation alternative. Council staff will provide the Council with a review of the License Limitation analysis. The State of Alaska also has provided details of a recommended system, sent to you in the April 11 mailing, and included here as C-2(Supplemental).

(c) Review IFQ 'Elements and Options'

Item C-2(b) contains the elements and options for the IFQ alternative, as they stood after the January meeting. These are included in the event the Council wishes to readdress any or all of these alternatives.

(d) Review Harvest Priority/Full Utilization

In January the Council also received a 'Harvest Priority' proposal from the Alaska Marine Conservation Council which they requested staff to study in addition to the overall CRP alternatives already under consideration. This program is viewed as a potential pre-cursor to an IFQ program, or as a management program which could be established in conjunction with either status quo or a license limitation system. A discussion document will be available at meeting time.

LICENSE SYSTEM FOR GROUNDFISH

NATURE OF LICENSES

A groundfish license system would not apply to longline sablefish, halibut, or demersal shelf rockfish.

Alternatives include:

Option A: A single groundfish license applying to all species/areas.
Option B: Licenses for each species.
Option C: General license with endorsements for each species/area.

Suboption A: separable endorsements
Suboption B: non-separable endorsements

In addition to the 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'.
Suboption C: Licenses would be designated inshore or offshore based on 1993 activity.

Additionally, the Council is considering the following option, which is related to the IFQ alternatives described separately:

Licenses for BSAI Pacific cod fixed gear fishery only; would apply to 45% (or historical split) of the TAC set aside for fixed gear.

WHO WILL RECEIVE LICENSES

Alternatives include:

Option A: Current vessel owner is defined as date of final Council action and must be a U.S. citizen pursuant to Title 46.

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.

Additionally, the Council is considering the two-tier skipper license program. (Under this option, at least one skipper license holder must be onboard the vessel when fishing.)

LICENSE SYSTEM FOR GROUNDFISH

CRITERIA FOR ELIGIBILITY

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

Option A: January 1, 1978 and December 31, 1993.
Option B: January 1, 1990 and December 31, 1993.
Option C: Vessel must have fished in the three-year period before June 24, 1992 and/or the three-year period before the date of final Council action. If a vessel is lost during this period, owner at time of loss is still eligible.

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

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).

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

75% U.S. ownership

Option A: 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.
Option B: Vessels must be transferred with license.
Option C: License may be transferred without vessel (can apply to "new" vessel).

Suboption A: Non-transferable across size categories identified above (Nature of Licenses).
Suboption B: Licenses may be combined in a manner similar to that described in the Pacific whiting fishery.

Methods for effective license caps will also be examined.

BUYBACK PROGRAM (OPTIONAL)

An industry funded buyback program, using funds collected through a fee assessment of exvessel of groundfish, run by NMFS/RAM, will be initiated to govern all transfers of licenses. This program will have first right of refusal on licenses to be sold. All licenses purchased by the program may be permanently retired to adjust participation levels.

COMMUNITY DEVELOPMENT QUOTAS

Option A: No CDQ allocations.

Option B: CDQ set-asides of up to 15% (range of 0% to 15%) of any or all groundfish TACs, but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.

Option C: Would grant CDQs in the form of additional, non-transferable licenses (3%, 7.5%, 10% and 15% of initial licenses).

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

NATURE OF LICENSES

Alternatives include:

Option A: A single crab license applying to all species/areas.
Option B: A separate license for each species.
Option C: Separate licenses (permits) for each species and each area.
Option D: A general license with endorsements.

The following two suboptions (to be applied to the above) 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'. (These can be matched with pot limits.)

WHO WILL RECEIVE LICENSES

Current vessel owners as of Council final action. ("Persons" are defined as in Title 46.)

Suboption: Permit holders: Each permit holder not receiving a permit, could receive a fractional share of a license. Only full shares may be fished, and these must be utilized on a "moratorium qualified vessel."

Additionally, the Council is considering the two-tier skipper license program. (Under this option, at least one skipper license holder must be onboard the vessel when fishing.)

CRITERIA FOR ELIGIBILITY

A vessel must have made landings between:

Option A: January 1, 1978 and December 31, 1993.

Option B: June 28, 1989 and June 27, 1992. (This corresponds to the existing fall/winter crab seasons in the BSAI, and includes the 1989/90, 1990/91 and 1991/92 registration years.) A vessel (person) must have made at least 1 landing in the red and blue king crab fisheries, (3 landings in each of the brown king crab, C. opilio (snow crab) and C. bairdi Tanner crab) fisheries during the qualifying period.

The qualifying period for the Dutch Harbor red king crab fishery would be June 28, 1980 and June 27, 1983.

The qualifying period for the Pribilof blue king crab fishery would be June 28, 1985 and June 27, 1988.

(NOTE: a fish ticket is considered a landing. During longer seasons, Tanner or brown king crab catcher processors fill out weekly fish tickets).

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

Option A: Licenses could be sold only to "Persons" (as defined by Title 46), i.e., U.S. citizens or U.S.-owned corporations.

Option B: Vessels must be transferred with license.

Suboption: Replacement/upgrades will be restricted as per the language in the moratorium regulations.

Option C: License may be transferred without vessel (can apply to "new" vessel).

Suboptions:

(a) Non-transferable across size categories identified above.

(b) Transferable across size categories.

(c) Species/area licenses will be non-transferable.

(d) Transfers of vessel license may occur only within the classification of the vessel (Catcher vessel v. Catcher processors). Catcher vessel licenses may be traded to catcher vessels, catcher processor licenses to catcher-processors, catcher processor licenses to catcher vessels (as a catcher vessel only), but not catcher vessel licenses to catcher processors for catching and processing.

(e) Replacements/upgrades will be restricted as per the language in the moratorium regulations.

POT CAPS

Alternatives include:

Option A: No caps on the total number of pots.

Option B: Caps are established on the total number of pots.

An Individual Transferable Pot (ITP) quota is initiated, such that the number of pots equates to the existing pot limit relative to the number of vessels with licenses for each fishery. An ITP would allow stacking of pots to occur, where a person owning multiple vessels could combine pots and vessels as they wished. Effort reduction could occur in each fishery, if necessary, by reducing some percentage of the number of individual pots over time until an optimal fishery pot cap is obtained.

BUYBACK PROGRAM (OPTIONAL)

An industry funded buyback program, using funds collected through a fee assessment of ex-vessel of crab, run by NMFS/RAM, will be initiated to govern all transfers of licenses. This program will have first right of refusal on licenses to be sold. All licenses purchased by the program may be permanently retired to adjust participation levels.

COMMUNITY DEVELOPMENT QUOTAS

Option A: No allocations to CDQs.

Option B: Initially allocate 3%, 7.5%, 10% or 15% of the GHL by species and CDQs: may apply to any or all crab species, but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.

Option C: Would grant CDQs in the form of additional, non-transferable licenses (3%, 7.5%, 10% and 15% of initial licenses).

SPECIES FOR INCLUSION

Option A: All species under Council jurisdiction, including PSCs, excluding demersal shelf rockfish.

Option B: Under Option A, 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 vessel owners as of the date of final Council action, based on the catch history of their vessel(s). In addition, the Council is considering the following:

Suboption: For GOA fixed gear fisheries, allocate initial QS to owner at time of landing.

The Council also is considering the following recent participation requirement for QS qualification:

Vessel must have fished in three-year period before June 24, 1992 **and/or** 3-year period before date of final Council action. If vessel is lost during this period, owner at time of loss is still eligible.

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 BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.

SKIPPER CONSIDERATIONS

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

Option A: No allocations to skippers.

Option B: Initially allocate 3%, 5%, or 10% (options range up to 10%) to 'bona fide' skippers (based on landings attributable to each skipper, or based on time spent in a given fishery).

Suboption A: For the purposes of initial allocations, a 'bonafide skipper' is any skipper who ran a vessel and landed groundfish or crab in a relevant fishery.

Suboption B: QS allocated under Option B shall form a separate QS pool. Subsequent transfers of QS in this pool shall be restricted to 'bona fide skippers.' For the purposes of subsequent transfers, a 'bona fide skipper' is any individual who received an initial skipper pool QS allocation **or** any individual who meets an industry approved 'professionalization qualification scheme.' (The intent is to provide for an entry-level access mechanism and to promote safety through professionalization. The qualifications cannot be overly restricting so as to create a closed class.)

PROCESSOR CONSIDERATIONS

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 minimum percentage of harvest IFQs to be delivered shoreside (% will be based on last two years' average for each species for BSAI & GOA separately).

Option C: Direct allocation of harvesting QS to catcher boats, catcher-processors and shorebased processors (1-pie system).

Note: The analysis will include the impacts of providing no protection to onshore processors.

INITIAL QS CALCULATION

The following primary options are being considered for calculating QS of qualified recipients (all options will be analyzed on the basis of retained (when available) and reported catch):

Option A: QS based on 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 before 1986 and for DAP before 1989, weight at 2:1.

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

Option D: Analyze QS based on catch for 1990-91-92.

Option E:

(1) To qualify, vessel must have fished in 1991, 1992, or 1993.
(2) Owner chooses best year from 1991, 1992, or 1993 as base for QS calculation (BSAI and GOA separately.)
(3) QS credit then weighted based on length of involvement of vessel in each fishery since 1983. Base QS would be multiplied by length of involvement to determine total QS credit.

Suboption: The length of the involvement period multiplier may be further modified for the BSAI longline cod fishery to account for the relatively recent opening of that fishery. (Using 1983 as the base, each year in the fishery may be multiplied by 1.0, 1.5, or 2.0.)

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.

TARGET/BYCATCH CALCULATIONS

For the QS calculation alternatives described above, the following species will be considered target species:

BSAI	GOA
pollock	pollock
Pacific cod	Pacific cod
Atka mackerel	deepwater flats
yellowfin sole	shallow water flats
other flatfish	Atka mackerel
rockfish	rockfish
squid (fixed gear only)	
rocksole	
turbot	

Whichever option is chosen, QS amounts for each species will be calculated based on catch, then adjusted based on average bycatch rates (or industry-derived bycatch rates) to achieve initial 'bundles' of target/bycatch species **and PSC species.** The Council has discussed the issue of basing QS calculations on retained, as opposed to reported, catch. As noted earlier, options will be analyzed on the basis of retained, when available, and reported catch.

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: IFQs will not be tied to a particular gear type after initial issuance.

NOTE: Normal legal gear regulations will still apply, i.e., unless the Council changes its regulations, trawl gear could not be used to harvest crab.

Option F: Restriction on QS transfers between inshore and offshore sectors. Range (of duration) for analysis to include 5 years, 10 years, and no transfers. This applies to both groundfish and crab.

With regard to PSC QS/IFQ, 3 options are being considered:

Option A: PSC QS/IFQ are tied to initial bundles and are not transferable.

Option B: PSC QS/IFQ are tied to initial bundles and must be transferred with bundles.

Option C: PSC QS/IFQ are transferable separately from the initial bundles.

USE/OWNERSHIP PROVISIONS

The following 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 manage the program effectively within the overall TACs.

Option A: Must control IFQs to cover expected catch before fishing.

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

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%, 1%, 5%, 10%, or any number in that range and would apply to the BSAI and GOA separately. Same caps would apply to the skippers' quota share pool. Skippers' shares keep their identity after initial distribution. Initial allocants would be grandfathered.

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.

* The U.S. ownership definitions used in the Halibut/Sablefish IFQ regulations should be used in analyzing both the initial issuance and the subsequent transfer of QS/IFQs. Would examine the implications of foreign ownership including an analysis of the Pacific Council's foreign ownership provisions.

* An analysis of the impact of various fee collection levels and mechanisms is required. This analysis will differentiate between administrative fees and rents.

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director

DATE: April 17, 1994

SUBJECT: Harvest Priority/Full Utilization

ACTION REQUIRED

Consider how to address fishery waste and discards.

BACKGROUND

In June 1993 during Council consideration of Pacific cod allocations, a motion was made to adopt an Advisory Panel recommendation to prohibit the discard of cod in all BSAI groundfish fisheries, and the discard of all groundfish species, except arrowtooth flounder, squid, and "other species", by any gear type in the directed cod fisheries. As passed, the motion was expanded to include all groundfish in all areas. The Council directed staff to prepare a discussion document on the issue of prohibiting discards. The discussion paper was presented to the Council in September, but consideration was postponed until January 1994.

The paper summarized various international initiatives on reducing bycatch. Combined, these initiatives promote the development and use of selective fishing gears and practices that minimize waste of catch of target species and minimize bycatch of non-target species. NOAA picked up on these international initiatives and committed to reducing bycatch in the Environmental Stewardship Program Portfolio of NOAA's 1995-2005 Strategic Plan (drafted June 1, 1993). The Magnuson Act was amended in 1990 to assure that proposed management measures consider the effects of fishing on immature fish and encourages development of practical measures that avoid unnecessary waste of fish.

The fishing industry has developed goals to reduce bycatch and develop markets opportunities for unused bycatch species. The National Industry Bycatch Workshop developed the following mission statement:

"To reduce bycatch, discarded catch and waste in the nation's fisheries to protect ecosystem health and to increase long-term economic and social benefits from optimum use of U.S. living marine resources."

This mission statement is consistent with the North Pacific Council's comprehensive goal #5, adopted in 1984, which seeks to ". . . minimize catch, mortality, and waste of non-target species, and reduce the adverse impacts of one fishery on another." And last but not least, the Council's Discard Committee, established in 1992, developed the following goal statement:

"Increase the quantity and quality of food and byproducts produced from the fishery resources harvested in the BS/AI and GOA by reducing the amount of harvest discarded to the maximum extent practicable while recognizing the contributions of these fishery resources to our marine ecosystems and the economic and social realities of our fisheries."

Senator Stevens' Waste Reduction Act

Current reauthorization of the Magnuson Act has provided further impetus for taking steps to reduce bycatch, waste and discard. These topics were a basic theme at many conferences last year, and suggested changes to the Act have included adding a new national policy or standard to reduce bycatch waste, a prohibition on wanton waste, a priority to clean gears, and a reduction in bycatch to zero.

The most detailed plan submitted thus far is the legislation introduced by Senator Stevens on April 14, 1994, entitled the "North Pacific Fishery Waste Reduction Act of 1994." It is Attachment 1 to this discussion document. The legislation's overall goals include:

1. Eliminating harvest of PSC species, except in legal target fisheries for those species.
2. Requiring full retention of economic discards.
3. Requiring full utilization of processing wastes.
4. Reducing bycatch of non-target species.
5. Rebuilding overfished fish stocks and those at risk.
6. Provide improved observer coverage, cost recovery, emergency closure, entry notification, PSC caps, industry assistance, and other authority to enhance the Council's management ability.

If this legislation passes, here's what needs to be done:

By January 1, 1995:

1. Secretary submits plans to Congress for methods to measure catch accurately.
2. Secretary submits plans to develop arrowtooth flounder fisheries.
3. Fishing Vessel Guarantee Program is made available to finance waste processing.

By January 31, 1995:

1. Council lists all fisheries and fishing technologies employed in its jurisdiction.
2. Procedures are established for introducing new fisheries and technologies.

By January 1, 1996:

1. Measures including fees to discourage discards, processing wastes, PSC catch, and bycatch.
2. Plans to phase-in full retention requirements for processors of all species except PSCs, to be complete by January 1, 2000. Includes minimum human consumption standards.
3. Develop PSC control measures for all fisheries including fines and fees.
4. Submit rebuilding plans for overfished stocks and those at risk.
5. Extend observer program to all processors and vessels that can safely take an observer.

By January 1, 1997:

1. Council recommends measures to ensure total catch measurement.

By January 1, 1998:

1. Council develops retention incentives, including preferential allocations to clean gears.

After January 1, 1998:

1. PSC or bycatch species IFQs cannot be assigned, other than annually for each fishing season.
2. Priority allocations of PSC and bycatch allowances to clean fisheries/gears.

The Council will need to closely monitor this proposed legislation. It will be no small task to meet the deadlines proposed. If passed, however, it will open up a whole new spectrum of tools and measures that can be used to address the bycatch and waste problem.

Waste/Discard Alternatives Proposed To Date

In January 1994, the Advisory Panel reviewed the proposed alternatives I had sketched out in your September 1993 action memo to address the waste and discard problem, approving five for further development as modified below:

Alternative 1: Status quo.

Alternative 2: Modified status quo. Use other management approaches such as gear restrictions and time-area closures to address problem, rather than mandating a specified reduction in discards.

Alternative 3: Select several problem species for further consideration of a discard reduction schedule. Pollock, Pacific cod, rocksole, yellowfin sole, and one or two rockfish categories were mentioned above as starting points for discussion.

Suboptions include phasing in the reduction over several years or just in specific fisheries that contribute significantly to the discard problem. The Council would need to set the final goal and timetable of the program (e.g., a 75% reduction in Pacific cod discard by the end of 1997).

Alternative 4: Prohibit all discard (above NMFS retention standards) in 1995 (or again, over some scheduled phase-in).

Alternative 5: Harvest Priority.

The State of Alaska has offered yet a third alternative in its Integrated Fisheries Rationalization Program, distributed to you in last week's mailing. Lets call it alternative 6:

Alternative 6: Full retention and utilization under license limitation. Issuance of a groundfish license would be conditional on full retention and utilization of all species with a TAC, except PSCs, and a minimum food grade requirement for the target species of 50%, 70%, or 90%. Total catch measurement and monitoring and total PSC enumeration would be required. These conditions would be carried into any future IFQ program, plus a harvest priority multiplier, intended to reduce PSC rates, would be used in calculating a vessel's IFQ allotment.

Senator Stevens' proposed legislation is liberally sprinkled with references to fees. The Council already will have limited authority to use fees as discard disincentives if the Secretary approves the North Pacific Fisheries Research Plan. One element of the plan as adopted by the Council in June 1992 states that: "When an accurate, reliable, and equitable method of measuring discards is developed and implemented,they may be assessed the fee under the Research Plan." Therefore, a seventh alternative is to begin an analysis of extending fees to discards:

Alternative 7: Impose fee on discards within authority of North Pacific Fisheries Research Plan, placing the resulting revenues into the Observer Fund.

An eighth alternative would be to wait to address discards until an IFQ system is put in place for groundfish. Because all catch would be counted toward IFQ attainment, the fisherman would be more apt to derive as much benefit as possible out of each ton harvested, and would have more time to do so under such a system. So, here is the final alternative:

Alternative 8: Postpone addressing the discard problem until after an IFQ system is implemented for the groundfish fisheries off Alaska.

Setting Goals for Waste Reduction

Many laudable goals to reduce waste and discard have been espoused in international and national workshops on the topic, and even in Senator Stevens' proposed legislation. But in most of the offerings to date, the exact amount of reduction is elusive, couched in terms like "to the maximum extent practicable" or "extent possible." Most of the alternatives above do not have a particular endpoint in mind. Alternative 2, for example, would have the Council develop various traditional restrictions such as area closures and gear restrictions, hoping they would lead to more selective fisheries, less discard, and fewer encounters with PSC species.

Harvest priority, Alternative 5, would nudge the fisheries in the direction of cleaner harvests by holding out a carrot in the form of reserved TAC or special seasons, but it lacks a quantifiable goal as to just how much of a reduction in bycatch is required and when. Similarly, alternative 7 would impose an economic disincentive to discard and presumably would result in less over time. But again, there is no stated endpoint. Even the Stevens plan, which is quite detailed, leaves it up to the Council to determine the meaning of "full retention to the maximum extent practicable".

Does the Council wish to be more specific in setting quantifiable endpoints if it moves ahead with reducing waste and discard? Setting these goals, or at least some alternative goals, would be a big

help to industry and the analysts in determining how best to get there. These goals may be very different for each fishery, because the characteristics of each fishery can be so different. The Council may want to focus its efforts on just those fisheries that are contributing substantially to the waste problem. Below is an overview.

Performance Data for Various Fisheries

Which fisheries have high discards? Table 1 has catch and discard for 1992, the only year for which I had full data by target fishery. The table is built upon the information provided by NMFS in Attachment 2. The summation at the bottom of the table shows that in 1992, 2.26 million metric tons were harvested, and 371,730 mt were discarded (16.45%) in groundfish Alaska-wide. BSAI fisheries, with their 88% of the catch, contributed 85% of the discards.

That does not mean that the Gulf of Alaska fisheries are necessarily cleanest. For 1992, the Gulf of Alaska had one of the largest percentage of discards by fishery, 59%, which occurred in the trawl fishery for deep water flatfish. The Gulf also had a discard of 39% in the shallow water complex, and 33% in the trawl rockfish fishery. Fixed gear fisheries for Pacific cod and rockfish, and trawl fisheries for pollock were relatively clean in the Gulf of Alaska.

Closer examination of the high discards in the GOA flatfish and rockfish trawl fisheries show, however, that arrowtooth flounder is a major portion of the discard. In fact,if arrowtooth flounder is removed from the catch and discard, the discard percentages decrease to 29% (from 59%) for the deepwater complex, to 26% (from 39%) for the shallow complex, and to 22% (from 33%) for the trawl rockfish fishery. While there are current research programs underway to improve utilization of arrowtooth flounder, and Senator Stevens' proposal would authorize $250,000 to develop markets and techniques for the species, arrowtooth probably will continue to exacerbate GOA trawl discard levels into the foreseeable future.

Turning to the Bering Sea and Aleutian Islands, the three fisheries with the largest percentage discard in 1992 were, in descending order, trawl rocksole (60% discard), yellowfin sole (43%), and Pacific cod (38%) fisheries. (Data provided at the December 1993 Council meeting showed that again in 1993, those fisheries had similarly high discard rates. In fact Pacific cod fisheries increased to 49% discard and the rocksole/other flatfish fishery increased to 69%.) The hook and line fishery for sablefish in 1992 discarded about 45%, mainly caused by the discard of Greenland Turbot and arrowtooth flounder, both of which were restricted to bycatch that whole year.

In terms of volume of discard, the largest was the midwater pollock trawl fishery. Though it had a discard rate of less than 8%, the sheer volume of catch in that fishery alone contributed 33% of the discard for the Bering Sea and Aleutians. In that fishery, 77% of the discard was pollock. The next biggest contributor was the yellowfin sole trawl fishery which contributed over 27% of the discard tonnage. Rocksole was next at 12%, even though its actual rate of discard was highest.

In summary, off Alaska the four largest contributors to tonnage of discards all were Bering Sea and Aleutian trawl fisheries: midwater pollock, yellowfin sole, rocksole, and Pacific cod. Regulatory efforts on these fisheries alone could achieve considerable reductions. Even a 25% reduction in discard in those four fisheries would save nearly 65,000 mt (143 million pounds). A 50% reduction would save 130,000 mt (287 million pounds), decreasing the overall discard rate in the Bering Sea and Aleutian Islands from nearly 16% to just over 9%.

Selectivity for the Target Species. A second gauge of fishery performance is selectivity of gear for the intended target species. Which fishery is best at catching its intended target species? Information on the species composition of catches in various target fisheries can be found for 1991-1993 in the 1993 Economic SAFE in Table 22. For the big four trawl fisheries identified above in terms of discard percentage and volume, here is how well they did in selecting their target species. The percentage reflects the proportion of target species catch in their total groundfish catch.

	Range for 1991-1993 (thru June 12)
Trawl Pollock fisheries	95-97%
Trawl Yellowfin sole	69-78%
Trawl cod	55-59%
Trawl rocksole/O. flats	50-60%

The midwater fishery for pollock is relatively selective, even though it has a high volume of pollock discards. The other three fisheries are much less selective. Pollock is often a very large contributor to the mix of bycatch in those fisheries.

PSC Performance. The interception of PSC species such as halibut, crab, salmon and herring also has been proposed as another performance index. It constitutes one of the standards in the Harvest Priority proposal, and also is a component of Senator Stevens' proposed legislation, though he places it third in priority behind reducing economic discards and processing waste.

Table 2 summarizes total PSC catches in 1992 and 1993 of the four main BSAI trawl fisheries with the largest groundfish discards. Total halibut mortality in 1993 was highest in the cod fisheries. Chinook salmon was taken in much greater numbers in the pollock fishery in all years, but the Pacific cod fishery also had substantial numbers. Total bycatch of bairdi Tanner crab was highest in the yellowfin sole and rocksole fisheries and lowest in the cod fishery in 1993. Bairdi catch in 1992 was highest in the yellowfin sole fisheries. Red king crab catch was highest in the rocksole fishery in 1993, but substantial numbers were taken in the yellowfin sole and rocksole fisheries in 1992.

The total numbers of PSC individuals do not tell the whole story as far as ability of the fishery to harvest groundfish and avoid PSC species. Rates of bycatch per unit groundfish catch add information. Table 3 has bycatch rates at the peak of each fishery. I defined this peak for each year and fishery by choosing the five weeks of highest groundfish catch classified by NMFS for the four target trawl fisheries, Pacific cod, yellowfin sole, rocksole, and midwater pollock. For each of the blocks of five weeks, I summed the PSC catch and summed the overall groundfish catch in the target fishery, and calculated the resulting rates of bycatch for 1992-1994. I used the 1994 discard mortality rates (DMR) for halibut to adjust bycatch shown in the NMFS Bulletin Board reports to halibut mortality. The DMRs used were 65% for Pacific cod, 75% for yellowfin sole, 70% for rocksole, and 80% for pollock. Those rates have changed during the years, but I used the 1994 figures to adjust all three years.

The bycatch rates measured at the five-week peak in groundfish harvest for each of the fisheries shows that for halibut, the Pacific cod fishery had the higher rates of bycatch. Yellowfin sole and rocksole fisheries were in the middle, and pollock had very low rates. The Pacific cod fishery also had the highest rates of chinook salmon bycatch per ton of groundfish even though the fishery never caught much more than 6,000 chinooks in any one year, compared to 20,000 to 28,000 in the pollock fishery.

The rate of bairdi bycatch was always highest in the rocksole and yellowfin sole fisheries. Those fisheries also contributed relatively high bycatches overall. The pollock fishery had a very low rate of bairdi bycatch, but with the large volume of groundfish harvested, that low rate still added up over the season to a total bairdi catch of 387,000 crabs in 1993.

For red king crab, the rocksole fisheries had very high rates, with yellowfin sole next highest. The rocksole fishery also had large overall catches of red king crab that reached 169,000 crabs in 1993. The pollock fisheries had extremely low rates, but still contributed substantial red king crabs over the year.

As you can see from the various bycatch performance indices presented above, each fishery has its own problems. A solution that is appropriate for the pollock fishery may not be appropriate for yellowfin sole or rocksole. The midwater pollock fishery is inherently selective for pollock and discards less than a tenth of the catch. And yet that tenth added up to over 100,000 mt in 1992. I assume those were small fish that could not be processed easily. In contrast, in 1993, we heard that the researchers conducting the trawl selectivity studies could not find sufficient numbers of small fish to complete their experiment. Does the discard rate for pollock thus ebb and flow with strength of year classes coming through the population? Should industry react by processing it all, or by attempting to avoid the juveniles? Does larger mesh make any sense, or should we be seriously concerned with the unknown and unseen mortality of the extruded juveniles?

For the flatfish fisheries and the Pacific cod fisheries, what are the best solutions? More than likely they will always be mixed stock fisheries. Are there other areas or seasons that would help to reduce discards? Are there trawls that would be less liable to retain pollock, and yet still be economical in the harvest of flatfish? Or is the best solution to these fisheries to mandate full utilization of everything caught, rather than try to improve their gear selectivity?

If the Council determines that it wants to place emphasis on prescribing a quantified reduction over a specified schedule, these goals should be so stated, and then the industry should be allowed to meet and come back to the Council with positive suggestions on how to achieve the goals. Suggestions from industry on methods to reduce bycatch would be very useful even if the Council decides in favor of pursuing one of the alternatives that does not have a specific reduction schedule and goal. Because bycatch incentives may play a role in the Council's future decisions, and they are identified repeatedly in Senator Stevens' proposed legislation, I want to discuss further the Harvest Priority proposal submitted by the Alaska Marine Conservation Coalition. It provides incentives by setting aside a separate season and TAC for those that qualify by reducing bycatch.

How Harvest Priority Would Work

The proposal itself, and further explanatory material provided by the Coalition is Attachment 3 to this document. Here is how a harvest priority (HP) system of management would work as proposed by the Coalition.

1. Fishermen that voluntarily meet a specific clean fishing performance standard would qualify for a second season with a reserved TAC, either that same fishing year, or perhaps early the next fishing year. (Apparently the Coalition now is leaning more toward having the reward fishery in the following year, rather than in the same year as the qualifying fishery.)

2. All fishing rates must be verified by an observer. Unobserved harvest would be calculated at a some reference year average for the fleet.

3. Only selected fisheries, not all, would be included in the program. Specific fisheries would be identified in consultation with industry using a workgroup.

4. The bycatch or discard rate performance standard would be set below the industry averages. The standard could be reduced further each year to provide additional incentives to fish cleanly.

5. The performance standard would have multiple components. All must be achieved to fish the reserve or reward fishery. The Coalition has suggested three: discarded bycatch per unit catch, intended target species catch as a percentage of retained catch, prohibited species bycatch. A minimum use of fish for human consumption also is specified.

6. Vessels fishing the HP reserve that exhibit bycatch/discard rates above the established standards would have their rates for that period averaged into the next qualifying season.

7. Sequential reserves could be established and a fisherman who performs exceptionally well either in the open fishery or reserve, could qualify for the next reserve which would be at even a higher standard.

Attributes of Harvest Priority

The Alaska Marine Conservation Council identifies the following attributes of HP:

1. Its intent is to keep things as simple as possible, place the burden of proof on participants to demonstrate reduced bycatch/discard, require little or no enforcement, and rely to the maximum extent possible on industry recommendations.

2. This would be a true economic incentive to reduce bycatch, not a penalty.

3. HP will lead to use of more selective gear, especially if there is an incentive in the form of a large reserved TAC provided.

4. Mandated full utilization, with bycatch being turned into fishmeal or oil, still may cause harmful affects on the ecosystem. The biomass extraction may have unknown effects. HP would lead to better targeting and more highly selective fisheries which leave more of the ecosystem intact. HP is distinguished from all other strategies to minimize bycatch, waste and discard, because it acknowledges the intrinsic value of non-commercial and low value species in maintaining the ecosystem. It also will help maintain the food budget needs for marine mammal and birds.

5. HP helps alleviate the race for fish by providing economic incentives for slower, more deliberate, and selective fishing. It should be implemented before IFQs because an individual quota system would preclude its use.

6. HP will increase the amount of a TAC used and thus lengthen the seasons.

7. HP will conserve fisheries resources for future generations.

8. HP will ensure a long-term stable fisheries-based economy and access to important traditional species of halibut, herring, crab, etc. now taken in large quantities as regulated discard.

9. HP will alleviate conflicts between gear types by providing more fish to go around.

10. It will be a voluntary program.

11. HP will have relatively low enforcement and administrative costs compared to other proposals on the table. In design, the fishermen will propose and provide supporting materials. In enforcement, there will be economic incentives motivating participation in the program; there are no regulatory punitive measures imposed for non-compliance.

12. Confidentiality of data is not a problem since fishermen wishing to qualify will volunteer their verified data.

13. As fishermen get better at avoiding bycatch, they will propose sequentially lower bycatch rates to increase the competitive advantages.

14. In small vessel fisheries where observer costs of such a program cannot be supported by additional fishing time, fishermen will not propose the system.

HP Performance Standards

The performance standard has three components. All must be achieved for access to the reward fishery.

1. Low Discards. A minimum percentage of the catch that must be retained, or conversely, a maximum percentage that can be discarded. Additionally there is a prescribed, minimum percentage (15%) that must be used for human consumption. In effect, just retaining everything and turning it into meal would not be sufficient. Any tonnage beyond a prescribed amount that is turned into meal or is not fit for human consumption, would be treated as economic discard. (Apparently, the Coalition has agreed to delete the human consumption requirement.)

2. Selective Fishing. A minimum percentage of the retained catch that must be the target species. Fishermen would have to ensure that a prescribed percentage of the retained catch is contributed by the target species to show that progress is being made in developing more selective fisheries

3. Reduce PSC bycatch. PSC bycatch rates must meet established standards.

These standards must be met in the open fishery to qualify for the reserve or reward fishery(ies). The standards could be set progressively more restrictive over time to ensure progress toward cleaner fisheries. The Coalition suggests that for analytical purposes, a fisherman would have to meet all three standards to qualify for the reserve fishery.

HP Definitions

Targets:	main species being sought.
Co-Targets:	other species that have commercial value, open season and available quotas.
Economic discards:	target and co-target fish not retained because of size, color, etc. At least 15% (or some other percent) must be used for human consumption or it will be considered discard.
Noncommercial species:	starfish, invertebrates, snails
Prohibited species:	crab, halibut, salmon, herring, etc. as defined by the Council
Regulatory discards:	fisheries that have reached their quotas (or directed fishery definition).

Scenarios

The Coalition uses the following scenario to illustrate the Harvest Priority system and its application to BSAI trawl fisheries. In the scenario, 60% of the TAC for each species would be apportioned to reserves: 40% to reserve 1 and 20% to reserve two (called tiers in the Coalition proposal). Performance standards would be established by the Council, and might be as follows: to qualify for the first reserve, a fisherman in the open fishery would need a discard rate that does not exceed 30% of the 1993 average bycatch rate. To qualify for the second reserve, the performance standard would be cut in half to not exceed 15% of the 1993 rate.

For analytical purposes, the Coalition suggests a scenario wherein 75% of the fishermen qualify for reserve 1 in the first year of the program. Eventually after four years, 90% of the vessels would qualify for reserve 1, 30% for reserve 2. After year 5, the other 10% that never qualified probably would need to leave the fishery.

Other scenarios could include applying the program to BSAI crab and BSAI groundfish longliners.

Recently, the Coalition has clarified their proposal and suggested that the start-up year of the program, for example, 1995, would be used to develop the bycatch rate standards that would be used the following year (1996) to determine who would qualify for the reward fishery the following year (1997). They have also clarified that the reward fishery should be in the next year, not later in the same year.

Discussion Issues

Council Experience with Incentive Programs

The Harvest Priority proposal is reminiscent of incentive systems originally proposed to control bycatch in early versions of amendments 21/16 to the groundfish plans. One option in the April 1990 draft of that amendment included the concept of a PSC reserve for JVP and DAP flatfish fisheries. Once a fishery had taken its initial PSC apportionment (less reserve), vessels with observed average

bycatch rates below a published standard would be permitted to continue fishing into a PSC bycatch reserve, with 100% observer coverage. As proposed, vessels would have to maintain low bycatch rates in the reserve to continue fishing, and the reserve fishery bycatch rate could be ratcheted down over several weeks to obtain even cleaner fisheries and extend the reserve.

The open season was to be closed based on the sum of bycatch counted on observed vessels plus the best available estimate of bycatch on unobserved vessels. The latter would be based on data from the observer program and other data from the fishery unless such data were inadequate. The size of the reserve, as a proportion of PSC limits, was to be determined by the Council. The thought at the time was that the reserve needed to be sufficiently large, 20-50% of the total PSC available, to provide enough incentive for vessels to fish cleanly in the initial qualifying fishery. The public raised concerns that one's incentive to minimize bycatch was tied to an uncertain reward. Would any TAC remain for the reward fishery? If the rate was set too low, there might be little incentive to try to qualify for the reserve. Without sufficient incentive, fishermen might choose a strategy to fish hard, fast, and profitably in the open fishery, and forego the reward fishery.

The PSC reserve concept was dropped from further consideration, but a second bycatch control option, a penalty box system, was developed and later adopted for Secretarial review. In the penalty box system, each vessel's observed bycatch rate was to be monitored weekly to determine an average monthly rate. Vessels exceeding 2-4 times the fleet average would be prohibited from further bottom trawling for a week. The Council adopted the penalty box program and required any vessel that had at least two days of observer coverage per week to participate. The Council also included an appeals process.

In September 1990, the Regional Director of NMFS voiced two main concerns with the proposal:

1. Verification of observer data will not be timely enough for inseason enforcement of incentive programs. Bycatch rates must be verified by observers who must be debriefed, and the data must be verified to be as accurate as possible, which can take up to six months. Therefore there cannot be instantaneous reaction to a high bycatch rate, and vessels cannot be suspended immediately.

2. Basing acceptable performance standards on a moving fleet average would not be statistically valid. The high variance in bycatch rates, and time needed to verify observer data would preclude their use for a standard. Therefore, the standard should be based on some historical rate rather than inseason data.

NMFS, asked to develop a viable program, presented one in November 1990 as follows:

1. Penalties were imposed post season after careful debriefing of observers and quality control of the data.

2. Only a limited number of fisheries were included to make monitoring easier.

3. Fishery definitions were based on percentage of catch of particular target species.

4. Bycatch performance standards were fixed seasonally, based on prior seasonal rates. Each month, a vessel's rate was compared to a standard, and, if excessive, the vessel was issued a violation for each week during that month that the standard was exceeded.

The Council approved the program. It was implemented in 1991, and has been revised several times, mainly by reconfiguring species-fisheries groupings. Currently there are six fishery categories and two PSC species, halibut and red king crab. No vessels can be held in violation unless at least 50% of their hauls have been sampled (50% of hauls retrieved while an observer is onboard). Upon completion of the final data editing, the data is used to produce the estimates of bycatch rates and designation of the target fishery of each vessel. A 95% confidence interval around each vessel's estimated monthly bycatch rate that exceeds a bycatch rate standard is calculated. If the lower end of the confidence interval exceeds the bycatch rate standard, the vessel may be prosecuted.

Does HP Provide an Incentive or Large Penalty Box?

Whether or not the Harvest Priority program is viewed as an incentive or penalty program depends on one's perspective. It obviously will be viewed as one large penalty box program for those that do not qualify for the reward fishery. And it is a sure bet that fishermen will not be very agreeable to losing a large portion of the TAC to a reward fishery. Thus despite suggestions to the contrary, any observer data of bycatch rates will have to pass the same very rigorous level of review as is required now to prosecute violators in the VIP program.

With the ongoing VIP program, it is up to the government to prove beyond a shadow of a doubt that a fishermen had a certain bycatch rate in a specific fishery, in comparison to a set standard for that fishery. This is very difficult to prove statistically because of the sources of variance in estimates made all along the way in constructing the final conclusion that a fisherman's bycatch rate was excessive. Variances arise from observer techniques, basket sampling, counting of PSC species, back-calculating catch based on PRRs, and even from trying to assign a particular catch-week to a particular fishery based on the composition of the retained catch. Because of these difficulties, only two cases have been brought to trial thus far, and a judgement should be rendered this summer, fully three years after the alleged infraction in 1991.

There is no reason to believe that many of the fishermen who were told they could not fish in the reward fishery would not go to court and file suit to enjoin the agency from barring them from the fishery until the court determined they could be legally barred based on the evidence at hand. Their is a fair chance that the judge would allow the vessel to fish in the reward fishery because of the potential economic consequences and liability of the government, if for instance, a vessel was not able to fish, and later it was shown that it in fact passed muster. The Council will need to be very careful in developing a system for measuring catch, and the standards, that will accurately and precisely separate the winners from the losers. There is every potential for many, many hours to be spent by NMFS and NOAA GC in the appeals process to make this program viable. To get into the reward fishery, the performance data for three different standards would have to show beyond a statistical doubt that the vessel should be allowed in. Conversely, NMFS would have to prove a vessel did not meet one of the standards in order to keep it out. These could be very difficult standards of proof given the broad variances in the data.

It has been suggested that the Council may want to wait in developing any further disincentive programs until the two court cases involving alleged VIP violations in 1991 are decided sometime this summer. We will know then whether current sampling protocols are sufficient to depict definitive differences between observed performance and specified performance standards. Regardless of outcome, the judge should provide guidance on how the data can be improved for further regulatory work. Possibly there will need to be different sampling protocols and we will need to develop methods of measuring rates that do not rely on basket samples, PRRs, or any other method that requires extrapolations and formulas for estimation, wherein every component and parameter can be

challenged and each has tremendous variance associated with it. Perhaps total weight measurement will resolve some of the data problems inherent to this issue.

Other Implementational Issues

Timing of the reward fishery. The industry will need to be consulted to determine what type of reward fishery will provide sufficient incentive to reduce bycatch rates in the qualifying fisheries. The initial HP proposal indicated that the reward fishery would come later in the year. This does not work for the rocksole fishery that normally is prosecuted only in the early part of the year when roe is present. The majority of the fishery is done by late February. The Coalition's revised proposal to place the reward fishery in the following year would be more suitable. For rocksole, would this mean that the season the next year might open for two weeks to qualified fishermen, and then to the others? The fishery is over in about five or six weeks, so there is not much room to play with in defining a reward fishery and an open fishery which could be used to qualify fishermen for the next year's fishery. The other flatfish fisheries and the Pacific cod fisheries are more spread out than the rocksole fisheries, but even with those fisheries, the industry will need to tell the Council how a reward fishery could be developed that would provide sufficient incentive.

Setting Reward TACs. The proposal offers a scenario wherein 60% of the TAC for a species would be apportioned to the reward fishery. The Council would need to consider the fishing patterns for each fishery and how much of the TAC each uses during the year. For example, the Pacific cod trawl fishery uses up almost all of its allocation every year, so placing 60% in a reserve would provide considerable incentive to be able to fish the reserve. In contrast, the yellowfin sole fisheries and other flatfish fisheries have used only 40-60% of the specified TAC these past two years, so setting aside 60% would not provide as much relative incentive to fish cleanly.

Qualifying for the reward fishery. It needs to clearly specified how to qualify for the reward fishery. What period is the "rate" based on, weekly, monthly (proposer favors this period), the whole season, all observed hauls, or on all hauls, and assuming some sort of annual rate as a default rate for unobserved hauls? We will also need to make clear that to participate in the reward fishery, a vessel must have fished some minimum time in the qualifying fishery, perhaps 50% of the season, and to have perhaps a minimum number of hauls. What if a vessel has no observers, is if barred from the reward fishery?

What if a vessel has more than one target fishery during the time period or trip? It may be difficult to establish one requirement that is appropriate for all target fisheries. Perhaps "regulatory discards" should distinguish between discards to keep within the directed fishing standard when a target fishery has been closed, and discards of groundfish that have become prohibited species because the TAC or ABC has been taken.

Economic Issues. The harvest priority proposal would give equal credit for a reduction in the discard of any groundfish species. For example, discards of arrowtooth flounder and rockfish would be treated equally. Similarly, the bycatch of all PSC species would be treated as having the same value, with, for example, one herring per metric ton of groundfish being comparable to one halibut. Implicit in many previous actions recommended by the Council and approved by the Secretary are species-specific differences in the values of groundfish discards and PSC bycatch. Second, it ignores the fact that during a trip or week some vessels may have more than one target species. Third, it will be difficult to establish one requirement that is appropriate for all target fisheries.

The above issues, plus many more that have yet to be identified will have to be addressed if the Council determines to move ahead with a Harvest Priority type of incentive system. Industry workgroups for each defined fishery would be able to help sort through these issues to produce a viable program.

Table 1. Groundfish catch and discard by gear and fishery in the BSAI and GOA in 1992.

Gear	Fishery	Catch (mt)	Catch (% of Total)	Discard (mt)	Discard (% of Total)	Disc/Catch (%)
BSAI						
Hook/Line	Pacific cod	119,893	6.0	18,337	5.8	15.3
	Sablefish	4,111	0.2	1,866	0.6	45.4
	Greenland turbot	133	0.0	28	0.0	21.1
Pot	Pacific cod	14,424	0.7	755	0.2	5.2
Trawl	Atka Mackerel	51,725	2.6	9,962	3.2	19.3
	Pollock Bot	117,135	5.9	19,428	6.2	16.6
	Yellowfin sole	199,292	10.0	86,352	27.4	43.3
	Pacific cod	80,888	4.1	30,571	9.7	37.8
	Rocksole	61,898	3.1	37,283	11.8	60.2
	Rockfish	19,344	1.0	5,754	1.8	29.7
	Pollock-MWT	1,325,710	66.5	104,534	33.2	7.9
	BSAI Total	1,994,553		314,870		15.8
GOA						
Hook/Line	Pacific cod	16,064	6.1	1,199	2.1	7.5
	Rockfish	846	0.3	18	0.0	2.1
	Sablefish	28,029	10.6	6,547	11.5	23.4
Pot	Pacific cod	10,163	3.8	259	0.5	2.5
Trawl	Pollock Bot	23,437	8.8	2,816	5.0	12.0
	Pacific cod	66,179	24.9	14,885	26.2	22.5
	Deep Flats	21,871	8.2	12,874	22.6	58.9
	Shallow Flats	9,203	3.5	3,591	6.3	39.0
	Rockfish	26,856	10.1	8,939	15.7	33.3
	Pollock-MWT	62,669	23.6	5,732	10.1	9.1
	GOA Total	265,317		56,860		21.4
	BSAI Total	**1,994,553**	**88.3**	**314,870**	**84.7**	**15.8**
	GOA Total	265,317	11.7	56,860	15.3	21.4
		2,259,870		371,730		

Table 2. Total PSC catches by year and fishery in the BSAI.

Fishery	1992	1993
		Halibut Mortality (mt)
Pacific cod	1,625	1,814
Yellowfin sole	497	745
Rocksole	755	680
Pollock	969	594
		Chinook Salmon
Pacific cod	4,291	6,158
Yellowfin sole	100	413
Rocksole	0	24
Pollock	20,485	28,218
		Bairdi Tanner Crabs
Pacific cod	617,507	222,973
Yellowfin sole	1,347,298	447,672
Rocksole	610,266	457,587
Pollock	671,506	387,357
		Red King Crabs
Pacific cod	128	1,258
Yellowfin sole	43,443	16,138
Rocksole	50,951	169,425
Pollock	5,108	13,589

Table 3. PSC catch rates (per mt groundfish) by year and fishery in the BSAI.

Fishery	1992	1993	1994 (thru 3/26)
		Halibut Mortality (mt)	
Pacific cod	16.25	11.70	10.40
Yellowfin sole	1.80	9.00	3.00
Rocksole	12.60	7.00	5.60
Pollock	0.90	0.06	0.25
		Chinook Salmon	
Pacific cod	0.09	0.06	0.08
Yellowfin sole	0.00	0.01	0.00
Rocksole	0.00	0.00	0.00
Pollock	0.02	0.01	0.05
		Bairdi Tanner Crabs	
Pacific cod	1.94	1.43	0.75
Yellowfin sole	9.15	4.16	5.45
Rocksole	13.53	6.57	7.95
Pollock	0.89	0.02	0.02
		Red King Crab	
Pacific cod	0.00	0.02	0.01
Yellowfin sole	0.54	0.23	0.39
Rocksole	1.15	2.64	2.86
Pollock	1.01	0.00	0.00

Outline of
North Pacific Fishery Waste Reduction Act of 1994
(Introduced April 14, 1994 by Senator Stevens)

Overall Goals

1. Eliminate harvest of PSC species, except in legal target fisheries for those species.
2. Require full retention of economic discards.
3. Require full utilization of processing wastes.
4. Reduce bycatch of non-target species.
5. Rebuild overfished fish stocks and those at risk.
6. Provide improved observer coverage, cost recovery, emergency closure, entry notification, PSC caps, industry assistance, and other authority to enhance Council's management ability.

Definitions

1. Bycatch: any species that has a quota , but is not the target in the vessel's fishery.
2. Economic discards: target or bycatch species which are not retained or processed because of size, sex, quality or other economic reason.
3. Processing waste: the part of any fish processed that could have been used for human consumption or other commercial use, but was not.
4. PSC species: species that law requires fishermen to discard, or retain but not sell.

WASTE REDUCTION IN NORTH PACIFIC FISHERIES

No later than the dates specified below, the Council shall recommend, and the Secretary shall approve and implement, the following programs, consistent with other provisions of the Act.

By January 1, 1996:

Shall add measures to each plan, including fees or other incentives, to reduce economic discards, processing wastes, PSC catch, and bycatch in each fishery. Fees may be included as an incentive to reduce discard and waste.

By January 1, 1997:

Shall recommend measures to ensure total catch measurement in each fishery, and accurate enumeration of target, bycatch, and PSC species.

By January 1, 1998:

Shall add incentives to each plan that include an allocation preference to fishing and processing practices within each gear group that result in the lowest levels of economic discards, PSC catch, and bycatch. Priority will be given, in the following order, to reducing economic discards, processing waste, PSC catch, and bycatch.

General Waste Reduction Provisions

1. All determinations will be based on observer data or the best available information.

2. For IFQ fisheries occurring after January 1, 1998: Council shall designate target, bycatch, and PSC species for each fishery. IFQs cannot be assigned for PSCs or bycatch species, other than annually for each individual fishing season.

3. The allocation preference required by January 1, 1998, shall give priority allocations of PSC species and bycatch quotas to fishing practices that will result in the lowest levels of economic discards, processing waste, PSC catch, and bycatch.

4. The Council is not precluded from allocating a portion of any quota for a directed fishery for use as bycatch in other fisheries if necessary.

7

FULL RETENTION AND FULL UTILIZATION

By January 1, 1996:

1. Council shall submit plans for all its fisheries, to phase-in as soon as practicable, but no later than January 1, 2000, and to the maximum extent practicable, to require full retention by processors of all fishery resources, except PSCs.

2. The measures need to minimize processing waste and ensure optimum utilization of target species. There must be minimum human consumption standards for each target fishery.

3. In determining "maximum extent practicable", the Council will consider the state of available technology, mortality and survival potential of species returned to sea, extent to which each species is fully utilized as a target species by U.S. fishermen, impact of different processing practices on price paid to fishermen and processors, nature and economic costs of each specific fishery, and effect of requiring full retention or utilization on other fisheries when compared with the beneficial effect of reducing economic discards and processing waste.

4. Fines or other incentives can be used to implement this section.

PROHIBITED SPECIES CONTROLS

Prohibited species shall not be considered an economic discard. the Council shall seek to reduce the incidental catch of PSC species to the maximum extent practicable, while allowing for the prosecution of fisheries under its jurisdiction.

By January 1, 1996

Council shall propose, and Secretary shall approve and implement, if consistent with the Act, measures to reduce PSC harvests to the minimum necessary to prosecute directed fisheries for designated target groundfish species.

Measures may include fines, caps or other incentives. PSC caps shall be established for each fishery that incidentally harvests a PSC. These caps shall prevent the PSC species from being overfished or being placed at risk of overfishing. Commercial fisheries will be closed on reaching the cap.

REBUILDING PLAN

By January 1, 1996

Council will include in each FMP, a plan for rebuilding each fishery stock identified by the Council as being overfished or at risk of overfishing.

OBSERVER PROGRAM

Beginning January 1, 1996

1. Council shall require 100% observer coverage on all vessels that can safely accommodate an observer or observers, and at all U. S. fish processors, and shall require more than one observer if needed to accurately monitor that vessel's or processor's operation.

2. Council shall require for vessels that cannot safely accommodate an observer, statistically reliable sampling of a fishing vessel's effort in each fishery in which that fishing vessel participates.

3. Observers will be paid for by the Secretary using funds from the North Pacific Fishery Observer Fund. This in itself does not make these observers federal employees.

4. Failure to pay the fee established in the North Pacific Fishery Research Plan shall be considered a violation of section 307 and punishable under section 308. Fines collected under this section go into the Observer Fund.

5. The Secretary can recover the full cost of observers on vessels operating in IFQ or other limited entry programs. Each participant in an IFQ fishery shall only be required to contribute to costs in the same proportion as his QS is to total QS. Fees collected shall go into the Observer Fund.

EMERGENCY CLOSURE AUTHORITY

The Secretary, following Council guidelines, will close or restrict a particular fishery covered by an FMP to prevent overfishing, reduce bycatch, protect PSC or minimize economic discards. The Secretary does not need to provide an opportunity for notice and comment if such closure or restriction would not exceed thirty days in duration.

NOTIFICATION OF ENTRY REQUIRED

By January 31, 1995:

1. Council shall submit to the Secretary a list of all fisheries under its jurisdiction and the fishing technologies employed in each fishery. The list may be amended as needed.

2. Secretary shall publish the list and amendments in the FR within 15 days of receipt.

3. Beginning 180 days from the publication date, no person or vessel shall employ a fishing technology or engage in a fishery that is not included on the list without giving 120 days advance notice of the intent to the Council. The notice shall include a detailed description including drawings, maps or diagrams if appropriate, of the unlisted technology or unlisted fishery which the person or vessel will engage in.

4. The Council may request, and the Secretary shall grant, an emergency rule prohibiting use of the noticed gear or fishery if the Council determines that it would compromise the effectiveness of its conservation and management efforts.

5. The unlisted gear may be used if the Council or Secretary does not act to prohibit it within the deadlines prescribed above.

6. Violations of this subsection shall be considered a violation of section 307, punishable under section 308.

INDUSTRY ASSISTANCE

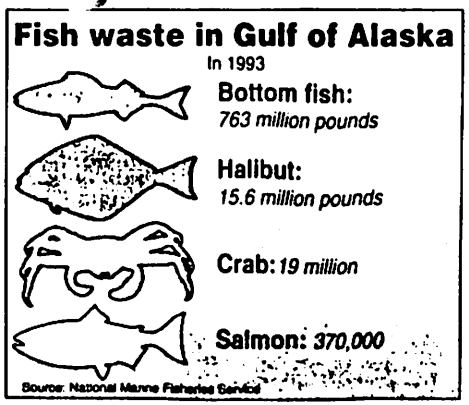
By January 1, 1995

The Secretary shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Merchant Marine and Fisheries of the House of Representatives:

1. A plan to develop jointly with industry, accurate methods of weighing or volumetrically determining catch amounts. It shall include methods for assessing contributions from industry to fund such development, as well as recommendations from the Secretary concerning the level of funds needed to successfully implement the plan in FY 1996. $50,000 will be made available in each year 1995-1998 for this effort.

2. A plan to develop markets and harvesting and processing techniques for arrowtooth flounder, with levels of funding needed to implement it in FY 1996. $250,000 is authorized for this program.

3. Consortia of owners and operators of fishing vessels or fish processing facilities may apply for loan guarantees under the Fishing Vessel Obligation Guarantee program to finance the construction of processing waste reduction facilities onshore, the installation of processing waste reduction technology on existing vessels, or the conversion of existing vessels for the carriage of fish waste and discards to processing waste reduction facilities. Such authority shall be without regard to the cumulative percentage of foreign ownership of companies within the consortium.



RON ENGSTROM Anchorage Daily News

Stevens bill puts limits on fish waste

By DAVID WHITNEY
Daily News reporter

WASHINGTON — Alaska Sen. Ted Stevens introduced legislation this week to stop fishermen from flagrantly wasting hundreds of millions of pounds of fish they haul out of the North Pacific Ocean each year.

Last year, according to the figures from the National Marine Fisheries Service, fishermen threw overboard 763 million pounds of groundfish, 16 million pounds of halibut, 19 million crab and 370,000 salmon.

The fish were discarded because they were too big or too small for processing equipment, were of the wrong sex or were "bycatch" — fish netted unintentionally by boats fishing for a different species.

Stevens said the waste adds up to a health threat to the commercial fishing industry off the Alaska coast.

Because about 60 percent of all the fish caught in federal waters off the U.S. coast come from Alaska, Stevens said, the waste also poses a large risk to the nation's seafood supply.

"We must limit waste and bycatch now or we won't have a fishing industry in the future," Stevens said.

"Fisheries have been shut down on the East Coast and the Pacific Northwest because there was too much emphasis on short-term profits rather than long-term health of the fisheries," he said. "Alaska fisheries are at a crossroads. We must tackle waste now, while we still have a chance."

Continued from Page C-1

Stevens' legislation would require the North Pacific Fishery Management Council, which manages the federal fishery off the Alaska coast, to impose fees or other incentives to discourage waste.

The legislation also calls for the council to submit a plan to require all the fish caught to be used by the end of the decade, except for those species that fishermen are specifically prohibited from keeping.

For fish stocks that fishermen are prohibited from keeping, such as halibut caught off season, the council would be required to set bycatch caps. On reaching that cap, Stevens said, a commercial fishery would be closed for the season.

If enacted, Stevens' legislation would fall hardest on the trawler fleet whose huge ships can haul out tons of fish on a single pull of the net. These fish are fed onto processing lines where equipment is calibrated for certain sizes of fish.

As the fish are sorted for the processing lines, fish that are too large or too small for the processors are thrown overboard. And during times of the year when the ships target female fish because of their valuable egg sacs, edible males are discarded sometimes.

According to the fisheries service figures, the discards by the trawl fleet sometimes amount to more than half of the total catch.

But Stevens said waste is common among other aspects of the industry. He noted that waste on boats using hooks and lines can reach 30 percent of total catch.

Stevens said it is almost impossible to avoid some waste in the commercial fishery.

"It is the reduction in waste that is possible in all of these fishing practices that I think we are after," Stevens said.

> *"Fisheries have been shut down on the East Coast and the Pacific Northwest because there was too much emphasis on short-term profits rather than long-term health of the fisheries. Alaska fisheries are at a crossroads. We must tackle waste now, while we still have a chance."*
>
> — Sen. Ted Stevens

Joe Blum of the Seattle-based American Factory Trawler Association said he had not read Stevens' bill. But he said his organization favors enacting measures to curb bycatch and waste.

Based on his understanding of Stevens' bill, Blum said, his concern is that it does not try to control particular vessels that may be problems but instead lumps all vessels of a fishery together in a way that may penalize all for the sins of a few.

But Alaska fishing lobbyist C. Deming Cowles said Stevens' legislation "is something that has been needed for a very long time."

"I think the fishing community in Alaska will rally behind him," Cowles said.

Stevens is a senior Republican on the Senate Commerce Committee that has jurisdiction over commercial fishing in federal waters, which start three miles off the U.S. coastline and extend out to 200 miles.

The committee soon will begin working on legislation to reauthorize federal fishing laws. Stevens said he will work to attach his bill to that legislation.

103d Congress
2d Session

S. ____

To reduce waste of fishery resources off Alaska by eliminating the catch of prohibited species, requiring full retention of economic discards and full utilization of processing waste, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. STEVENS
introduced the following bill; which was read twice and referred to the Committee on _____.

A BILL

To reduce waste of fishery resources off Alaska by eliminating the catch of prohibited species, requiring full retention of economic discards and full utilization of processing waste, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This act may be cited as the "North Pacific Fishery Waste Reduction Act of 1994".

SEC. 2. FINDINGS.

The Congress finds that--

(1) The conservation of fishery resources is the primary goal of this Act.

(2) Over fifty percent of all fish harvested in the United States are caught in the fisheries of the North Pacific and Bering Sea off Alaska, which are under the jurisdiction of the North Pacific Fishery Management Council.

(3) Economic discards and processing waste constitute an enormous loss to the public of the potential value of these fishery resources, and also pose a significant conservation problem.

(4) In some fisheries off Alaska more than 50 percent of the target species caught are discarded because they are too large, too small, or of the wrong sex.

(5) In recent years, as much as one-half billion pounds of usable fish products per year have been wasted rather than processed in fisheries off Alaska.

(6) Economic discards and processing waste can be reduced through selective fishing practices, time/area closures and other fishery management techniques, and more efficient processing requirements.

(7) More data is needed on the amount of economic discards and processing waste that are occurring in the commercial fisheries off Alaska.

(8) The commercial fishing industry and the North Pacific Fishery Management Council have begun to make needed adjustments to reduce economic discards and processing waste, and have shown a strong interest in promoting the long-term health of the fishery resource.

(9) Certain fisheries are comprised of numerous species. In such fisheries bycatch quotas are necessary to achieve the optimum yield in target fisheries. The commercial fishing industry and the North Pacific Fishery Management Council should continue to dedicate substantial effort to create management regimes that permit, in a manner that prevents overfishing or the risk of overfishing and allows for the rebuilding of depleted stocks, the prosecution of such mixed-stock fisheries while reducing or eliminating economic discards, processing waste, bycatch, and the harvest of prohibited species.

SEC. 3. PURPOSE.

The purpose of this Act is to improve the conservation and management of fishery resources off Alaska by--

(a) eliminating, to the maximum extent practicable, the harvest of prohibited species, except by fishermen permitted under law to target those species;

(b) requiring the full retention of economic discards and full utilization of processing waste;

(c) reducing the bycatch of non-target species;

(d) rebuilding fish stocks that have been overfished or

which are at risk of being overfished; and

(e) providing for improved observer coverage, cost recovery, emergency closure, entry notification, prohibited species caps, industry assistance, and other authority to enhance the ability of the Council to manage its fisheries.

SEC. 4. WASTE REDUCTION IN NORTH PACIFIC FISHERIES.

The Magnuson Fishery Conservation and Management Act (16 U.S.C. 1800 et seq.) is amended by adding at the end of title III the following new section:

"SEC. 315. WASTE REDUCTION IN NORTH PACIFIC FISHERIES.

"(a) GOALS.--The goals of this section are to improve the conservation and management of fishery resources off Alaska by--

"(1) eliminating, to the maximum extent practicable, the harvest of prohibited species, except by fishermen permitted under law to target those species;

"(2) requiring the full retention of economic discards and full utilization of processing waste;

"(3) reducing the bycatch of non-target species; and

"(4) rebuilding fish stocks that have been overfished or which are at risk of being overfished.

"(b) DEFINITIONS.--

For the purposes of this section--

"(1) 'bycatch' means any fish species for which a quota is established, but which are not the target species of a fishery in which a fishing vessel is engaged;

"(2) 'economic discards' means fish which are the

target or bycatch species in a fishery, but which are not retained by the fishing vessel harvesting those fish or are not processed by United States fish processors because they are the wrong size, the wrong sex, of poor quality, or for other economic reasons;

"(3) 'processing waste' means that portion of a fish which is processed and which could be used for human consumption or other commercial use, but which is not so used; and

"(4) 'prohibited species' means fish for which a quota is set, but which fishermen are required by regulation to either (i) discard whenever caught, or (ii) retain but may not sell, in order to protect the value of another fishery.

"(c) REDUCTION OF WASTE.--

"(1) No later than January 1, 1996, the North Pacific Fishery Management Council shall include in each fishery management plan under its jurisdiction conservation and management measures, including fees or other incentives, to reduce economic discards, processing waste, prohibited species catch, and bycatch in each fishery. Notwithstanding section 304(d), in implementing this subsection the Council may recommend, and the Secretary shall approve and implement any such recommendation, consistent with the other provisions of this Act, a system of fees to provide an incentive to reduce such discards and waste. Any such system of fees or incentives shall be fair and equitable to

all fishermen and United States fish processors, and shall not have economic allocation as its sole purpose.

"(2) Not later than January 1, 1997, the North Pacific Fishery Management Council shall recommend, and the Secretary shall approve and implement any such recommendation, consistent with the other provisions of this Act, conservation and management measures to ensure total catch measurement in each fishery under the Council's jurisdiction. Such conservation and management measures shall ensure the accurate enumeration of target species, bycatch, and prohibited species.

"(3) Beginning on January 1, 1998, such incentives shall include an allocation preference to fishing and processing practices within each gear group that result in the lowest levels of economic discards, prohibited species catch and bycatch. In determining which practices shall be given priority, the reduction of economic discards shall be given the greatest weight, followed by processing waste (where applicable), prohibited species catch and bycatch, in that order.

"(4) In determining the level of target species catch, bycatch, economic discards and processing waste, the Council and Secretary shall base such determinations on observer data or the best available information.

"(5) In the case of fisheries occurring under an individual fishing quota regime under the jurisdiction of

the North Pacific Fishery Management Council after January 1, 1998,--

"(A) the Council shall designate target species, bycatch species, and prohibited species for each such fishery;

"(B) the Council may not recommend, and the Secretary may not approve, any assignment or allocation of individual fishing quotas for prohibited species or bycatch species for those fisheries, other than for each individual fishing season on an annual basis pursuant to subparagraph (C) of this subsection; and

"(C) the allocation preference required under paragraph (2) shall be implemented by giving priority in the allocation of prohibited species quotas and bycatch quotas to fishing practices that result in the lowest levels of economic discards, processing waste, prohibited species and bycatch.

"(6) Nothing in this section shall be construed to preclude the North Pacific Fishery Management Council from allocating a portion of any quota for a directed fishery for use as bycatch in another fishery or fisheries, if the Council determines such allocation is necessary to prosecute a fishery, after taking into account the requirements of this section regarding reduction of bycatch, economic discards and processing waste.

"(d) FULL RETENTION AND FULL UTILIZATION.--

(1) The North Pacific Fishery Management Council shall, consistent with the other provisions of this Act, submit to the Secretary by January 1, 1996, a plan to phase-in, to the maximum extent practicable, fishery management plan amendments to require full retention by fishing vessels and full utilization by United States fish processors of all fishery resources, except prohibited species, caught under the jurisdiction of such Council as soon as is practicable, but in no case later than January 1, 2000.

"(2) The plan shall include conservation and management measures to minimize processing waste and ensure the optimum utilization of target species, including standards setting minimum percentages of target species harvest which must be processed for human consumption.

"(3) In determining the maximum extent practicable, the North Pacific Fishery Management Council shall consider--

"(A) the state of available technology;

"(B) the extent to which species brought on board can be safely returned alive, with the expectation of extended survival, to the sea;

"(C) the extent to which each species is fully utilized as a target species by United States fishermen;

"(D) the impact of different processing practices on the price paid to fishermen and processors;

"(E) the nature and economic costs of each

specific fishery; and

"(F) the effect of a full retention or full utilization requirement in a given fishery on other fisheries when compared with the beneficial effect of reducing economic discards and processing waste.

"(4) Notwithstanding section 304(d), the North Pacific Fishery Management Council may propose, and the Secretary shall approve and implement any such recommendation, consistent with the other provisions of this Act, a system of fines or other incentives to implement this section. Any such fines or incentive system shall be fair and equitable to all fishing vessels and United States fish processors, and shall not have economic allocation as its sole purpose.

"(e) PROHIBITED SPECIES.--

"(1) Prohibited species shall not be considered an economic discard for purposes of this section; however, the North Pacific Fishery Management Council shall seek to reduce the incidental catch of prohibited species to the maximum extent practicable while allowing for the prosecution of fisheries under its jurisdiction.

"(2) Not later than January 1, 1996, the North Pacific Fishery Management Council shall propose, and the Secretary shall approve and implement any such recommendation, consistent with the other provisions of this Act, for each groundfish fishery under the Council's jurisdiction, conservation and management measures to reduce the

incidental harvest of prohibited species to the minimum level necessary to prosecute directed fisheries for designated target species, and to otherwise meet the requirements of this section. Notwithstanding section 304(d), such conservation and management measures may include a system of fines, caps or other incentives to reduce the incidental harvest of prohibited species. Any system of fines or incentives under this section shall be fair and equitable to all fishing vessels and United States fish processors, and shall not have economic allocation as its sole purpose.

"(3) The North Pacific Fishery Management Council shall establish for each fishery which incidentally harvests a prohibited species under the Council's jurisdiction a cap which prevents such prohibited species from being overfished or from being placed in risk of being overfished. Upon reaching such cap, the commercial fishery in which such prohibited species is incidentally caught shall be closed for that season.

"(f) REBUILDING PLAN.--The North Pacific Fishery Management Council shall, by January 1, 1996, include in each fishery management plan under its jurisdiction a plan for rebuilding each fishery stock that the Council identifies as being overfished or at risk of overfishing.

"(g) OBSERVER PROGRAM.--

"(1) Beginning January 1, 1996, the North Pacific

Fishery Management Council shall require under the authority granted to it by section 313 --

"(A) 100% observer coverage on all fishing vessels which can safely accommodate an observer or observers, and at all United States fish processors, and

"(B) for vessels which cannot safely accommodate an observer, statistically reliable sampling of a fishing vessel's effort in each fishery in which that fishing vessel participates,

when such vessel or processor is fishing in a fishery under the North Pacific Fishery Management Council's jurisdiction. In implementing subparagraph (A) the North Pacific Fishery Management Council shall require that more than one observer be stationed on a fishing vessel or at a United States fish processor whenever the Council determines that more than one such observer is necessary to accurately monitor that vessel or processor's operation.

"(2) Observers stationed on fishing vessels or at United States fish processors under the authority of this section or section 313 shall be paid by the Secretary using funds deposited in the North Pacific Fishery Observer Fund. Such payment shall not make an observer an employee of the Federal Government, unless such observer is otherwise employed by an agency of the United States.

"(3) Failure to pay the fee established by the North Pacific Fishery Management Council under section 313 shall

be a considered a violation of section 307, punishable under section 308. Any fines collected pursuant to the authority granted by this subsection shall be deposited in the North Pacific Fishery Observer Fund account in the United States Treasury, and shall remain available until expended under the terms of that fund.

"(4) Notwithstanding sections 304(d) and 313(b), the Secretary is authorized to recover from vessels participating in a fishery under an individual fishing quota regime or other limited access program established by the North Pacific Fishery Management Council, the full cost of any observers stationed on such vessel (including all costs for salaries, expenses, equipment, food & lodging, transportation, insurance, and analysis of observer data, plus reasonable costs for training and administrative overhead). Each participant in an individual fishing quota regime shall only be required to contribute the same proportion of the costs as that participant's quota shares represent to the total number of quota shares in such regime. The Secretary shall deposit any fees collected under this paragraph in the North Pacific Fishery Observer Fund account in the United States Treasury.

"(h) EMERGENCY CLOSURE AUTHORITY.--The Secretary may, pursuant to guidelines established by the North Pacific Fishery Management Council in a fishery management plan, close or restrict a particular fishery covered by such fishery management

plan in order to prevent overfishing, reduce bycatch, protect prohibited species or minimize economic discards. In exercising the emergency authority granted under this section, the Secretary shall not be required to provide an opportunity for notice and comment if such closure or restriction would not exceed thirty days in duration.

"(i) NOTIFICATION OF ENTRY REQUIRED.--

"(1) The North Pacific Fishery Management Council shall submit to the Secretary by January 31, 1995, a list of (A) all fishing technologies employed in fisheries under such Council's jurisdiction, by fishery, and (B) all fisheries under the jurisdiction of such Council. The Council may, as it deems appropriate, submit amendments to such list to the Secretary.

"(2) The Secretary shall publish such list or any amendments thereto, in the Federal Register within 15 days after receipt of the list or amendments described in paragraph (1).

"(3) Beginning on the date that is 180 days after the date of the publication of the list required under paragraph (2), no person or vessel shall employ a fishing technology or engage in a fishery that is not included on the list published by the Secretary under this subsection without first giving 120 days advance notice of the intent to employ such unlisted technology or engage in such unlisted fishery to the North Pacific Fishery Management Council. Such

notice shall include a detailed description, including drawings, maps or diagrams if appropriate, of the unlisted technology or unlisted fishery which such person or vessel seeks to employ or engage in.

"(4) The North Pacific Fishery Management Council may request, and the Secretary shall grant, an emergency rule under section 305(c), prohibiting any persons or vessels from employing an unlisted technology or engaging in an unlisted fishery if the Council determines that use of such technology or entry into such fishery would compromise the effectiveness of conservation and management efforts by the Council.

"(5) If, after receiving the notice required under paragraph (3), the North Pacific Fishery Management Council does not request emergency action by the Secretary under paragraph (4), the person or vessel submitting notice under paragraph (3) may, after the required 120 day period has lapsed, employ the unlisted technology or enter the unlisted fishery to which such notice applies.

"(6) A violation of this subsection shall be considered a violation of section 307, punishable under section 308.

"(j) INDUSTRY ASSISTANCE.--

"(1) The Secretary shall submit by January 1, 1995 to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Merchant Marine and Fisheries of the House of Representatives a plan to develop

jointly with industry accurate methods of weighing or determining the volume of fish harvested by U.S. fishing vessels in fisheries under the jurisdiction of the North Pacific Fishery Management Council. Such plan shall include methods for assessing contributions from industry to fund such development, as well as recommendations from the Secretary concerning the level of funds needed to successfully implement the plan in Fiscal Year 1996.

"(2) The Secretary shall submit by January 1, 1995 to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Merchant Marine and Fisheries of the House of Representatives a plan to develop markets and harvesting and processing techniques for arrowtooth flounder. The Secretary shall include in such plan recommendations concerning the level of funds needed to successfully implement the plan in Fiscal Year 1996.

"(3) Notwithstanding any other provision of law, consortia of owners and operators of fishing vessels or fish processing facilities may apply for loan guarantees under the Fishing Vessel Obligation Guarantee program to finance the construction of processing waste reduction facilities onshore, the installation of processing waste reduction technology on existing vessels, or the conversion of existing vessels for the carriage of fish waste and discards to processing waste reduction facilities. Such authority shall be without regard to the cumulative percentage of

foreign ownership of companies within the consortium.

"(4) For fiscal years 1995, 1996, 1997, and 1998, $50,000 is authorized to be appropriated for the purposes of implementing paragraph (1), and $250,000 is authorized to be appropriated for programs to implement paragraph (2).".

1992 Groundfish Discards by Gear and Target Species

Attachment 2
Agenda C-2(d)
April 1994

* From Blended Data

Bering Sea and Aleutian Islands

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Hook and Line	PCOD	AMCK	57	31	54.4	0.17
	PCOD	ARTH	1671	1611	96.4	8.79
	PCOD	FLOU	279	261	93.5	1.42
	PCOD	GTRB	577	460	79.7	2.51
	PCOD	OTHR	11259	10459	92.9	57.04
	PCOD	PCOD	101710	1866	1.8	10.18
	PCOD	PLCK	3222	3116	96.7	16.99
	PCOD	POP	114	98	86.0	0.53
	PCOD	ROCK	199	46	23.1	0.25
	PCOD	RSOL	28	25	89.3	0.14
	PCOD	SABL	179	20	11.2	0.11
	PCOD	SCNO	45	39	86.7	0.21
	PCOD	SRRE	462	215	46.5	1.17
	PCOD	YSOL	91	90	98.9	0.49
TOTAL			119893	18337	15.3	100.00
Hook and Line	SABL	ARTH	268	265	98.9	14.20
	SABL	FLOU	1	1	100.0	0.05
	SABL	GTRB	1445	1256	86.9	67.31
	SABL	OTHR	146	144	98.6	7.72
	SABL	PCOD	139	100	71.9	5.36
	SABL	PLCK	1	1	100.0	0.05
	SABL	ROCK	225	30	13.3	1.61
	SABL	SABL	1807	19	1.1	1.02
	SABL	SCNO	3	2	66.7	0.11
	SABL	SRRE	30	24	80.0	1.29
	SABL	SRSN	16	9	56.3	0.48
	SABL	THDS	30	15	50.0	0.80
TOTAL			4111	1866	45.4	100.00
Hook and Line	GTRB	ARTH	4	4	100.0	14.29
	GTRB	GTRB	75	13	17.3	46.43
	GTRB	OTHR	10	10	100.0	35.71
	GTRB	PCOD	12	0	0.0	0.00
	GTRB	ROCK	2	0	0.0	0.00
	GTRB	SABL	28	0	0.0	0.00
	GTRB	SRRE	2	1	50.0	3.57
TOTAL			133	28	21.1	100.00

1992 Groundfish Discards by Gear and Target Species

* From Blended Data

Gulf of Alaska

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Hook and Line	PCOD	AMCK	1	1	100.0	0.08
	PCOD	ARTH	209	208	99.5	17.35
	PCOD	DEMS	49	3	6.1	0.25
	PCOD	DFLT	3	1	33.3	0.08
	PCOD	FSOL	3	3	100.0	0.25
	PCOD	GTRB	13	13	100.0	1.08
	PCOD	OTHR	618	610	98.7	50.88
	PCOD	PCOD	14891	194	1.3	16.18
	PCOD	PELS	17	4	23.5	0.33
	PCOD	PLCK	60	51	85.0	4.25
	PCOD	ROCK	1	1	100.0	0.08
	PCOD	SABL	138	81	58.7	6.76
	PCOD	SFLT	10	10	100.0	0.83
	PCOD	SLPR	7	0	0.0	0.00
	PCOD	SRRE	20	14	70.0	1.17
	PCOD	THDS	24	5	20.8	0.42
TOTAL			16064	1199	7.5	100.00
Hook and Line	ROCK	ARTH	3	3	100.0	16.67
	ROCK	DEMS	516	0	0.0	0.00
	ROCK	OTHR	4	2	50.0	11.11
	ROCK	PCOD	56	2	3.6	11.11
	ROCK	PELS	106	0	0.0	0.00
	ROCK	SABL	44	10	22.7	55.56
	ROCK	SLPR	10	0	0.0	0.00
	ROCK	SRRE	98	1	1.0	5.56
	ROCK	THDS	9	0	0.0	0.00
TOTAL			846	18	2.1	100.00
Hook and Line	SABL	ARTH	1266	1259	99.4	19.23
	SABL	DEMS	213	6	2.8	0.09
	SABL	DFLT	61	41	67.2	0.63
	SABL	FSOL	3	3	100.0	0.05
	SABL	GTRB	3176	3176	100.0	48.51
	SABL	OTHR	815	813	99.8	12.42
	SABL	PCOD	510	335	65.7	5.12
	SABL	PELS	45	0	0.0	0.00
	SABL	PLCK	13	13	100.0	0.20
	SABL	POP	6	0	0.0	0.00
	SABL	ROCK	11	2	18.2	0.03
	SABL	SABL	20477	287	1.4	4.38
	SABL	SFLT	1	1	100.0	0.02
	SABL	SLPR	57	0	0.0	0.00
	SABL	SRRE	545	286	52.5	4.37
	SABL	THDS	830	325	39.2	4.96
TOTAL			28029	6547	23.4	100.00

1992 Groundfish Discards by Gear and Target Species

* From Blended Data

Bering Sea and Aleutian Islands

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Pot	PCOD	AMCK	12	12	100.0	1.59
	PCOD	ARTH	3	3	100.0	0.40
	PCOD	FLOU	1	1	100.0	0.13
	PCOD	GTRB	9	9	100.0	1.19
	PCOD	OTHR	670	591	88.2	78.28
	PCOD	PCOD	13680	103	0.8	13.64
	PCOD	PLCK	7	7	100.0	0.93
	PCOD	ROCK	2	2	100.0	0.26
	PCOD	RSOL	2	2	100.0	0.26
	PCOD	SABL	13	0	0.0	0.00
	PCOD	SCNO	1	1	100.0	0.13
	PCOD	YSOL	24	24	100.0	3.18
TOTAL			14424	755	5.2	100.00

1992 Groundfish Discards by Gear and Target Species

* From Blended Data

Gulf of Alaska

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Jig	PCOD	PCOD	154	0	0.0	0.00
	PCOD	PELS	3	0	0.0	0.00
TOTAL			157	0	0.0	0.00
Pot	PCOD	ARTH	1	1	100.0	0.39
	PCOD	OTHR	174	98	56.3	37.84
	PCOD	PCOD	9984	158	1.6	61.00
	PCOD	PLCK	2	1	50.0	0.39
	PCOD	SFLT	1	1	100.0	0.39
	PCOD	SRRE	1	0	0.0	0.00
TOTAL			10163	259	2.5	100.00

1992 Groundfish Discards by Gear and Target Species

* From Blended Data

Bering Sea and Aleutian Islands

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Trawl	AMCK	AMCK	43844	6375	14.5	63.99
	AMCK	ARTH	205	196	95.6	1.97
	AMCK	FLOU	39	29	74.4	0.29
	AMCK	GTRB	34	11	32.4	0.11
	AMCK	OTHR	191	191	100.0	1.92
	AMCK	PCOD	3390	861	25.4	8.64
	AMCK	PLCK	566	299	52.8	3.00
	AMCK	POP	1923	808	42.0	8.11
	AMCK	ROCK	141	107	75.9	1.07
	AMCK	RSOL	44	33	75.0	0.33
	AMCK	SABL	5	0	0.0	0.00
	AMCK	SCNO	1143	1017	89.0	10.21
	AMCK	SQID	2	2	100.0	0.02
	AMCK	SRRE	194	30	15.5	0.30
	AMCK	SRSN	4	3	75.0	0.03
TOTAL			51725	9962	19.3	100.00
Trawl	PLCK-Bot	AMCK	19	2	10.5	0.01
	PLCK-Bot	ARTH	1275	1002	78.6	5.16
	PLCK-Bot	FLOU	2959	2445	82.6	12.58
	PLCK-Bot	FSOL	9	9	100.0	0.05
	PLCK-Bot	GTRB	57	44	77.2	0.23
	PLCK-Bot	OTHR	1709	1432	83.8	7.37
	PLCK-Bot	PCOD	9693	1409	14.5	7.25
	PLCK-Bot	PLCK	96582	10139	10.5	52.19
	PLCK-Bot	POP	8	5	62.5	0.03
	PLCK-Bot	ROCK	393	3	0.8	0.02
	PLCK-Bot	RSOL	3715	2424	65.2	12.48
	PLCK-Bot	SCNO	11	1	9.1	0.01
	PLCK-Bot	SQID	52	8	15.4	0.04
	PLCK-Bot	YSOL	653	505	77.3	2.60
TOTAL			117135	19428	16.6	100.00
Trawl	YSOL	AMCK	1	1	100.0	0.00
	YSOL	ARTH	437	418	95.7	0.48
	YSOL	FLOU	17115	14311	83.6	16.57
	YSOL	GTRB	1	1	100.0	0.00
	YSOL	OTHR	7924	7640	96.4	8.85
	YSOL	PCOD	8539	4650	54.5	5.38
	YSOL	PLCK	12804	11053	86.3	12.80
	YSOL	RSOL	14462	9964	68.9	11.54
	YSOL	YSOL	138009	38314	27.8	44.37
TOTAL			199292	86352	43.3	100.00

1992 Groundfish Discards by Gear and Target Species

* From Blended Data

ering Sea and Aleutian Islands

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Trawl	PCOD	AMCK	3071	2168	70.6	7.09
	PCOD	ARTH	2865	2724	95.1	8.91
	PCOD	FLOU	2379	2045	86.0	6.69
	PCOD	FSOL	17	17	100.0	0.06
	PCOD	GTRB	81	67	82.7	0.22
	PCOD	OTHR	2989	2865	95.9	9.37
	PCOD	PCOD	47913	3343	7.0	10.94
	PCOD	PLCK	16617	13936	83.9	45.59
	PCOD	POP	616	288	46.8	0.94
	PCOD	ROCK	79	76	96.2	0.25
	PCOD	RSOL	3501	2381	68.0	7.79
	PCOD	SABL	10	1	10.0	0.00
	PCOD	SCNO	376	323	85.9	1.06
	PCOD	SQID	13	13	100.0	0.04
	PCOD	SRRE	30	5	16.7	0.02
	PCOD	SRSN	55	45	81.8	0.15
	PCOD	YSOL	276	274	99.3	0.90
TOTAL			80888	30571	37.8	100.00
rawl	RSOL/OFLAT	AMCK	10	3	30.0	0.01
	RSOL/OFLAT	ARTH	770	768	99.7	2.06
	RSOL/OFLAT	FLOU	6067	4277	70.5	11.47
	RSOL/OFLAT	GTRB	4	0	0.0	0.00
	RSOL/OFLAT	OTHR	3531	3484	98.7	9.34
	RSOL/OFLAT	PCOD	5766	2472	42.9	6.63
	RSOL/OFLAT	PLCK	11346	10173	89.7	27.29
	RSOL/OFLAT	POP	22	22	100.0	0.06
	RSOL/OFLAT	RSOL	26843	12686	47.3	34.03
	RSOL/OFLAT	YSOL	7539	3398	45.1	9.11
TOTAL			61898	37283	60.2	100.00
Trawl	ROCK	AMCK	2164	806	37.2	14.01
	ROCK	ARTH	1556	1543	99.2	26.82
	ROCK	FLOU	243	122	50.2	2.12
	ROCK	GTRB	220	33	15.0	0.57
	ROCK	OTHR	537	530	98.7	9.21
	ROCK	PCOD	1241	330	26.6	5.74
	ROCK	PLCK	1338	1239	92.6	21.53
	ROCK	POP	10708	743	6.9	12.91
	ROCK	ROCK	133	104	78.2	1.81
	ROCK	RSOL	61	40	65.6	0.70
	ROCK	SABL	25	2	8.0	0.03
	ROCK	SCNO	273	156	57.1	2.71
	ROCK	SQID	14	14	100.0	0.24
	ROCK	SRRE	766	66	8.6	1.15
	ROCK	SRSN	65	26	40.0	0.45
TOTAL			19344	5754	29.7	100.00

1992 Groundfish Discards by Gear and Target Species

* From Blended Data

Bering Sea and Aleutian Islands

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Trawl	PLCK-Mid	AMCK	242	219	90.5	0.21
	PLCK-Mid	ARTH	2798	2635	94.2	2.52
	PLCK-Mid	FLOU	5627	5065	90.0	4.85
	PLCK-Mid	FSOL	1	1	100.0	0.00
	PLCK-Mid	GTRB	251	187	74.5	0.18
	PLCK-Mid	OTHR	3361	3190	94.9	3.05
	PLCK-Mid	PCOD	13492	8658	64.2	8.28
	PLCK-Mid	PLCK	1295473	80653	6.2	77.15
	PLCK-Mid	POP	165	145	87.9	0.14
	PLCK-Mid	ROCK	20	17	85.0	0.02
	PLCK-Mid	RSOL	3268	3061	93.7	2.93
	PLCK-Mid	SABL	8	4	50.0	0.00
	PLCK-Mid	SCNO	9	8	88.9	0.01
	PLCK-Mid	SQID	798	505	63.3	0.48
	PLCK-Mid	SRRE	9	9	100.0	0.01
	PLCK-Mid	SRSN	2	1	50.0	0.00
	PLCK-Mid	YSOL	186	176	94.6	0.17
TOTAL			1325710	104534	7.9	100.00

1992 Groundfish Discards by Gear and Target Species

* From Blended Data

ulf of Alaska

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Trawl	PLCK-Bot	ARTH	692	681	98.4	24.18
	PLCK-Bot	DEMS	2	2	100.0	0.07
	PLCK-Bot	DFLT	255	39	15.3	1.38
	PLCK-Bot	FLOU	1	1	100.0	0.04
	PLCK-Bot	FSOL	185	43	23.2	1.53
	PLCK-Bot	GTRB	1	1	100.0	0.04
	PLCK-Bot	OTHR	150	146	97.3	5.18
	PLCK-Bot	PCOD	791	69	8.7	2.45
	PLCK-Bot	PELS	8	2	25.0	0.07
	PLCK-Bot	PLCK	20843	1629	7.8	57.85
	PLCK-Bot	POP	102	97	95.1	3.44
	PLCK-Bot	ROCK	1	1	100.0	0.04
	PLCK-Bot	SABL	66	10	15.2	0.36
	PLCK-Bot	SFLT	308	86	27.9	3.05
	PLCK-Bot	SLPR	8	5	62.5	0.18
	PLCK-Bot	SQID	3	1	33.3	0.04
	PLCK-Bot	SRRE	9	2	22.2	0.07
	PLCK-Bot	THDS	12	1	8.3	0.04
TOTAL			23437	2816	12.0	100.00
Trawl	PCOD	AMCK	3	1	33.3	0.01
	PCOD	ARTH	2303	2276	98.8	15.29
	PCOD	DEMS	12	9	75.0	0.06
	PCOD	DFLT	412	60	14.6	0.40
	PCOD	FLOU	507	507	100.0	3.41
	PCOD	FSOL	470	201	42.8	1.35
	PCOD	OTHR	1281	1279	99.8	8.59
	PCOD	PCOD	49458	1624	3.3	10.91
	PCOD	PELS	121	50	41.3	0.34
	PCOD	PLCK	7921	6836	86.3	45.93
	PCOD	POP	32	26	81.3	0.17
	PCOD	RSOL	491	491	100.0	3.30
	PCOD	SABL	74	21	28.4	0.14
	PCOD	SCNO	5	5	100.0	0.03
	PCOD	SFLT	2858	1383	48.4	9.29
	PCOD	SLPR	167	113	67.7	0.76
	PCOD	SRRE	45	1	2.2	0.01
	PCOD	THDS	19	2	10.5	0.01
TOTAL			66179	14885	22.5	100.00

1992 Groundfish Discards by Gear and Target Species

* From Blended Data

Gulf of Alaska

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Trawl	DFLT	AMCK	2	0	0.0	0.00
	DFLT	ARTH	9378	9279	98.9	72.08
	DFLT	DEMS	8	1	12.5	0.01
	DFLT	DFLT	6413	742	11.6	5.76
	DFLT	FSOL	784	169	21.6	1.31
	DFLT	OTHR	672	669	99.6	5.20
	DFLT	PCOD	1113	237	21.3	1.84
	DFLT	PELS	55	24	43.6	0.19
	DFLT	PLCK	1404	1086	77.4	8.44
	DFLT	POP	313	281	89.8	2.18
	DFLT	SABL	619	127	20.5	0.99
	DFLT	SFLT	485	84	17.3	0.65
	DFLT	SLPR	169	90	53.3	0.70
	DFLT	SRRE	130	22	16.9	0.17
	DFLT	THDS	326	63	19.3	0.49
TOTAL			21871	12874	58.9	100.00
Trawl	SFLT	ARTH	1660	1660	100.0	46.23
	SFLT	DEMS	2	1	50.0	0.03
	SFLT	DFLT	476	163	34.2	4.54
	SFLT	FSOL	469	24	5.1	0.67
	SFLT	OTHR	574	571	99.5	15.90
	SFLT	PCOD	1116	333	29.8	9.27
	SFLT	PELS	19	2	10.5	0.06
	SFLT	PLCK	711	395	55.6	11.00
	SFLT	POP	7	7	100.0	0.19
	SFLT	SABL	125	13	10.4	0.36
	SFLT	SFLT	3903	409	10.5	11.39
	SFLT	SLPR	63	8	12.7	0.22
	SFLT	SRRE	36	4	11.1	0.11
	SFLT	THDS	42	1	2.4	0.03
TOTAL			9203	3591	39.0	100.00

1992 Groundfish Discards by Gear and Target Species

* From Blended Data

lf of Alaska

GEAR	TARGET	SPECIES	TOTAL CATCH (MT)	TOTAL DISCARD (MT)	PERCENTAGE DISCARDED	PERCENTAGE OF TOTAL DISCARD
Trawl	ROCK	AMCK	115	64	55.7	0.72
	ROCK	ARTH	4176	3937	94.3	44.04
	ROCK	DEMS	101	22	21.8	0.25
	ROCK	DFLT	418	237	56.7	2.65
	ROCK	FSOL	68	22	32.4	0.25
	ROCK	OTHR	387	295	76.2	3.30
	ROCK	PCOD	580	182	31.4	2.04
	ROCK	PELS	2887	145	5.0	1.62
	ROCK	PLCK	545	406	74.5	4.54
	ROCK	POP	5241	957	18.3	10.71
	ROCK	SABL	1717	370	21.5	4.14
	ROCK	SFLT	64	30	46.9	0.34
	ROCK	SLPR	8335	2084	25.0	23.31
	ROCK	SQID	6	6	100.0	0.07
	ROCK	SRRE	1480	141	9.5	1.58
	ROCK	THDS	736	41	5.6	0.46
TOTAL			26856	8939	33.3	100.00
	OTHR	DFLT	296	228	77.0	1.13
	OTHR	FSOL	182	8	4.4	0.04
	OTHR	OTHR	5029	392	7.8	1.94
	OTHR	PCOD	971	544	56.0	2.69
	OTHR	PELS	65	31	47.7	0.15
	OTHR	PLCK	229	184	80.3	0.91
	OTHR	POP	640	328	51.3	1.62
	OTHR	SABL	36	13	36.1	0.06
	OTHR	SFLT	57	22	38.6	0.11
	OTHR	SLPR	729	614	84.2	3.03
	OTHR	SRRE	45	7	15.6	0.03
	OTHR	THDS	19	6	31.6	0.03
TOTAL			62010	20255	32.7	100.00
Trawl	PLCK-Mid	ARTH	300	288	96.0	5.02
	PLCK-Mid	DFLT	13	12	92.3	0.21
	PLCK-Mid	FLOU	13	13	100.0	0.23
	PLCK-Mid	FSOL	23	20	87.0	0.35
	PLCK-Mid	GTRB	1	1	100.0	0.02
	PLCK-Mid	OTHR	330	326	98.8	5.69
	PLCK-Mid	PCOD	238	54	22.7	0.94
	PLCK-Mid	PELS	4	4	100.0	0.07
	PLCK-Mid	PLCK	61646	4940	8.0	86.18
	PLCK-Mid	POP	8	1	12.5	0.02
	PLCK-Mid	ROCK	1	1	100.0	0.02
	PLCK-Mid	SABL	11	0	0.0	0.00
	PLCK-Mid	SFLT	63	61	96.8	1.06
	PLCK-Mid	SLPR	1	1	100.0	0.02
	PLCK-Mid	SQID	16	9	56.3	0.16
	PLCK-Mid	SRRE	1	1	100.0	0.02
TOTAL			62669	5732	9.1	100.00

Code Table

TARGET CODE	Species or Species Group
AMCK	Atka Mackerel
ARTH	Arrowtooth Flounder
RSOL/OFLAT	Rock Sole & Other Flatfish
GTRB	Greenland Turbot
ROCK	Rockfish
PCOD	Pacific Cod
PLCK-Mid	Midwater Pollock
PLCK-Bot	Bottom Pollock
SABL	Sablefish
YSOL	Yellowfin Sole
DFLT	Deepwater Flatfish
SFLT	Shallowwater Flatfish
OTHR	Other Species

SPECIES CODE	Species or Species Group
AMCK	Atka Mackerel
ARTH	Arrowtooth Flounder
DEMS	Demersal Shelf Rockfish
FLOU	Other Flatfish
FSOL	Flathead Sole
GTRB	Greenland Turbot
NORK	Northern Rockfish
OTHR	Other Species
PCOD	Pacific Cod
PELS	Pelagic Shelf Rockfish
PLCK	Pollock
POP	Pacific Ocean Perch
ROCK	Other Rockfish
RSOL	Rock Sole
SABL	Sablefish
SCNO	Sharpchin & Northern Rockfish
SLPR	Slope Rockfish
SQID	Squid
SRRE	Shortraker & Rougheye Rockfish
SRSN	Shortraker, Rougheye, Sharpchin, & Northern Rockfish
THDS	Thornyheads
YSOL	Yellowfin Sole

Attachment 3
Agenda C-2(d)
April 1994

ALASKA MARINE CONSERVATION COUNCIL

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

To: Mr. Chris Oliver
NPFMC Staff

FEB - 2 1994

From: Nevette Bowen
Coordinator

Date: January 26, 1994

Re: Harvest Priority information for Council analysis

Please find attached some of the ideas we are working on. As you know our intent is to keep things as simple as possible, place the burden of proof on participants to demonstrate reduced bycatch/discard, No enforcement, and rely to the maximum extent possible on industry recommendations. A true incentive - not a penalty. I would be happy to run down any information or get the answers to any questions you may have. You might want to contact these folks directly at some point.

Peter Van Tuyn, our legal counsel, at Trustees for Alaska 907-276-4244 and Bob Mikol (479-3761), a former fisheries observer and our number cruncher who has fleshed out some of the enclosed framework for analysis. Both of them can help with questions regarding confidence and timeliness in data, appeals and adjudication. AMCC President Paul Seaton (235-6342) can speak to the concept and also answer any questions you may have.

Here is the basic idea:

A qualifying standard would be established by the Council for each fishery proposed for harvest priority in consultation with industry. It would be based on bycatch and discard rates and set below industry averages to provide competitive incentive for vessels that minimize their bycatch.

In order to qualify, a vessel must meet or exceed this Harvest Priority standard during their participation in the regular, open fishery in order to be allowed to fish the reserve or some other opportunity. If a vessel fails to meet the standard during the Harvest Priority fishing time, their bycatch rates for that period would be averaged into the next qualifying season.

ALASKA MARINE CONSERVATION COUNCIL

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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 need 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 approach? 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 by a factor of 4 below current practice. Data variability should decrease with observer verification of catch. Portions of the catch not observed would be calculated at previous year's fleet average. Weights and measures, valid sampling techniques and other tools currently being developed by NMFS to improve bycatch monitoring will also work to reduce data variability when they come online.

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.

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.

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.

Who benefits from the Harvest Priority approach? 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 by a factor of 4 below current practice. Data variability should decrease with observer verification of catch. Portions of the catch not observed would be calculated at previous year's fleet average. Weights and measures, valid sampling techniques and other tools currently being developed by NMFS to improve bycatch monitoring will also work to reduce data variability when they come online in 1994.

Harvest Priority slows down the race for fish.

Harvest priority helps alleviate the race for fish by providing an economic incentive for slower, more deliberate, and selective fishing. Fishermen will seek optimum conditions (weather, depth, temperature, location, biology, gear and other factors) based on their personal knowledge and experience in which to maximize their catch of target species while minimizing their catch of undesired species.

Harvest Priority works to rationalize the fisheries.

Harvest priority incentives will encourage selective fishing on target species thereby reducing the need for increasingly complex management and enforcement schemes. Incentives that produce cleaner fisheries will help resolve ecological concerns (i.e. overfishing of certain species) as well as allocation conflicts between gear types and marine resource users.

Reduced bycatch and discard attained by harvest priority incentives works to:

Decrease the economic and ecological loss and waste associated with the discarded targeted species.

Increase the directed Fishery Total Allowable Catches (TACs) potentially lengthening seasons in some fisheries since much less poundage will be discarded as bycatch in other target fisheries.

Conserve fisheries resources for future generations of subsistence users, fishers, the seafood industry, communities, consumers and the nation.

Ensure a long-term stable fisheries-based economy and access to important marine resources in small coastal communities that depend on salmon, herring, crab, halibut, herring.and other species that are incidentally caught in offshore fisheries.

Help alleviate conflicts between gear types . In some fisheries the discards alone would keep a competing gear type in business.

Encourages the conversion to more selective gear.

Reduces both direct and food web impacts on subsistence resources and helps assure continuation of indigenous cultures dependent on marine life.

Decreases impacts on marine mammals and seabirds and their habitat including several species facing possible Endangered Species listings.

ALASKA MARINE CONSERVATION COUNCIL

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

Date: February 21, 1994

To: Chris Oliver
North Pacific Management Council Staff

From: Alaska Marine Conservation Council
Paul Seaton, President, Board of Directors

Re: Recommendations for the Scoping Analysis of Harvest Priority

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Please find enclosed our recommendations for inclusion in the economic analysis of Harvest Priority. We urge you to incorporate factors that take into account the increased future value of the fisheries created by the reduction in bycatch that we hope to achieve under this approach (both present and extrapolated); savings in enforcement and administration; and some reference acknowledging the role and intrinsic value that fish and marine life harvested as bycatch have in the maintenance of the ecosystem.

How it would work:

We expect the NPFMC will invite proposals from only a specified number of fisheries to allow the process to initially be "tuned up" without an overburdening number of proposals. We anticipate that the Council would appoint an industry working group (or use the Advisory Panel) to work through individual fishery HP proposals. The purpose of the industry work group would be to help screen proposals and ensure that the economic incentives are adequate (but not excessive) to cover additional costs. It will also be necessary to ensure that the proposed HP "season" will not eliminate a qualified portion of the fleet through a scheduling conflict with another fishery.

For your consideration in the scoping analysis, we believe that questions fall into several discrete categories:

1. System-wide benefits.

2. Individual vessel cost/benefits.

3. Anticipated fleet reduction (that portion of the fleet unable and unwilling to minimize their bycatch).

The details of Harvest Priority are outlined in previous documents submitted to the Council. However a few attributes of this incentive systems should be reiterated here.

1) It is voluntary

2) Its administration and enforcement costs are relatively low in comparison to other proposals on the table.
   - in design: fishermen will propose and provide supporting material

   - in enforcement: economic incentives motivate participation in the program; there are no regulatory punitive measures imposed for non-compliance.

3) It directly addresses the issue of by-catch and discard waste by concentrating efforts in not catching undesired fish in the first place; there will be a rapid reduction in such waste.

4) Confidentiality of data is not a problem since fishermen wishing to qualify will volunteer their verified data

5) As fishermen get better at avoiding bycatch they will propose sequentially lower bycatch rates to increase the competitive advantages

6) In small vessel fisheries where the observer costs of such a program could not be supported by additional fishing time, fishermen will not propose the system

GENERAL SYSTEM-WIDE ECONOMIC INCREASE: How significant is the economic gain system-wide of Harvest Priority?

AMCC proposes three Example Scenarios. The numbers and fisheries in parentheses (used as variables) can of course be ranged.

Our current scenario #[1] uses 100% of Bering Sea trawl fisheries, and replaces a previous example using 80%. This eliminates the need to designate which fisheries will be included. It may also be easier to combine the proposed 3rd year additional tier into an initial tiered system starting in the first year.

Scenario #[2] includes all Bering Sea crab fisheries. We feel it's important to include the pot crab fisheries, as Dr. Alverson's recent data has shown that the entire crab population is lifted from the ocean floor each crab season. The question here addresses juvenile and female mortality estimates, as well as reduced fecundity resulting from that bycatch, sorting, and free-floating return trips to the bottom. It is important to distinguish bycatch mortality from general bycatch rate.

Scenario #[3] should address longline fisheries.

These scenarios utilize a tier system approach to provide added incentives and rewards to those fishermen who successfully reduce their bycatch.

For example, for conceptual purposes in the lumpsucker fishery, 60% of the TAC is reserved for those fishermen who can successfully reduce their bycatch to 10%. In this 60%, 40% is reserved for fishermen who reduce their bycatch to 15% (Tier #1), and an additional 20% is reserved for those fishermen who successfully reduce their bycatch to 10%. In this example 40% of the TAC is totally available to the entire fleet. 80% of the TAC is available to those whose bycatch rates are 15% and 100% of the TAC is available to those who can keep their bycatch rate at or below 10%.

GENERAL SYSTEM-WIDE ECONOMIC INCREASE, cont'd

EXAMPLE SCENARIOS

#[1] Bering Sea Trawl Fisheries

Tier #1: Priority reservation set at (40%) of the TAC. Target bycatch set at (30%) of the 1993 average bycatch rate. Estimated (75%) of the fishermen in these fisheries qualify for Harvest Priority reward of additional fishing opportunity.

Tier #2: Priority reservation is set at additional (20%) of the TAC. Target bycatch rate is set at (15%) of the 1993 average bycatch rate.

After (4) years of the program, (90%) of vessels qualify for Tier 1 and (30%) qualify for Tier 2.

After (5) years, all non-qualifying vessels (i.e. 10%) are no longer participating in these fisheries.

#[2] Bering Sea Crab Fisheries
Same conditions and variables as example #[1] above.

#[3] Bering Sea Longline Fisheries
Same conditions and variables as example #[2] above.

Additional, similar scenarios can be built around each specific fishery instead of all fisheries within a class (i.e. trawl cod, pot cod, etc.). Additional tiers may be apportioned, and different values can be substituted for particular variables.

QUESTIONS THAT NEED TO BE ANSWERED:

1. For the "economic discard" portion and non-target commercial species:
What was the value at the end of year 2, 4, and 10, of the previously discarded bycatch, now utilized under the scenario(s) for each TAC if harvested and utilized in the appropriate directed fishery or processed and utilized as co-target species?

a) assume average recovery rate

b) assume ( )% lower recovery rate for smaller fish size that compose (x) % of the "economic discard" catch

c) assume non-target sub-legal size would have average growth and (x)number of years before entrance into directed fisheries

Questions Cont.

2. For PSC's - herring, halibut, and crab

What is the biomass and value (at 1993 prices) in the appropriate years that is "saved" as those individuals enter the fishery?

a) assume 100% harvest as they are "excess" to reproductive needs for current harvest if both male and female are retained

b) assume 100% harvest of male if only male retention and estimate additional biological potential for the female non-mortality

c) assume average size/weight/year class composition of the bycatch remains constant over the 10 year period

INDIVIDUAL VESSEL ECONOMIC COST AND BENEFITS UNDER THE HARVEST PRIORITY SYSTEM

Factors that must be addressed:

1. Additional observer expense above current system
2. Additional fuel costs incurred due to slower harvesting rates of TAC, thus season is lengthened
3. Additional cost of handling co-target species
4. Additional value of co-target species
5. Additional value of target fish of appropriate size caught through HP selective fishing practices versus fish previously caught as economic discards
6. Increased or reduced crew costs associated with decreased daily volume and extended time fisheries
7. Increased value of portion of the directed fishery that the individual vessel takes for each qualifying tier (assume average per tier)
8. Increased value of TAC proportion as non-qualifiers leave the fishery

FLEET REDUCTIONS AND SLOWER HARVEST EXPECTATIONS

We feel it is likely that over time, most vessels not qualifying for Harvest Priority will depart the fishery.

At this time, we have no method of quantifying anticipated slowing of the fisheries. We view that as very dependent on the intricacies of the individual fishery and the bycatch reduction regimes adopted by fishermen.

Some confusion has been expressed about how a harvest priority system could work. The mechanism in the Alaska Marine Conservation Council's proposal for a Harvest Priority utilizes an extended (or second) season for vessels whose fishing practices have reduced their bycatch. Our aim is not to pit one gear group against another, but rather to use Harvest Priority as a means of encouraging and developing clean fishing skills within fisheries.

The North Pacific Fisheries Management Council recently used the same mechanism in its innovative design of a fishing practice definition when it faced the problem of distinguishing between bottom and pelagic trawls for the pollock fishery for use during a second portion of the season. The goal was to permit the pollock fishery to continue with a "clean" fishing gear as the halibut Prohibited Species Cap (PSC) was being neared from the use of bottom trawls. If the PSC tonnage was reached, the fishery closed, leaving a valuable portion of the target species Total Allowable Catch (TAC) unharvested for the year. The Council's solution was to define any trawl that, during operation, caught benthic (bottom) dwellers, such as crab, rocks, or sea urchins, as a bottom trawl. Thus, legal trawl gear for the second portion of the season is only a pelagic trawl, as operationally distinguished from an illegal bottom trawl.

Application of this fishing practice definition mechanism to Harvest Priority is simple. The HP system would allow fishermen to qualify for a second season if they can prove that they are operationally defined as "clean fishing". To prove that their combination of vessel/gear/crew is "clean fishing", each vessel that voluntarily wants to qualify would need to submit its observer verified bycatch data and show that it meets a certain operational standard of limited bycatch.

The myriad of fisheries would make this a daunting task if the Council were to take upon itself the design of such extended or additional seasons as they did for pollock. However, the split seasons provide great competitive incentive as a way to extend one's fishing season if the bycatch reduction segregates the fleet into components of best, better, and not so efficient fishermen at reducing waste and discards. The fishermen of each fishery who intimately know their achievable bycatch rates and economics could be allowed to propose a second or sequence of extensions to the season based on verified operational reductions in the bycatch rates. The rewards for operationally defining the use of one's gear as "clean fishing" would be more fish and thus more profit.

Of course, all such data would require 100% verification through a certified federal observer program.

This is a radical departure from the present system that only permits competition between fishermen (i.e. more fish and thus more profit) on the basis of catching fish faster than other fishermen. This "race for the fish" has been seen as a major problem of the industry. It may more properly be seen as symptomatic of management techniques that only allow a competitive reward based on this sole factor.

100% obs > 125'
30% obs >60' ~> 125'

FISHING SEASONS

*These dates and fishing seasons are **estimated only** to give the reader an approximate time to expect fishing seasons to begin & end. All seasons are subject to change by the North Pacific Fishery Management Council (NPFMC) or close at end of quota as notified by the Alaska Department of Fish & Game (ADF&G) and/or National Marine Fisheries Service (NMFS).*

START MONTH	FISHERY	ESTIMATED SEASON LENGTH
January	Pollock "A" Season (offshore) Nick 1/20 ~>	5 weeks
	Pollock "A" Season (onshore) 1/20 ~>	8 weeks
	Trawl Caught Cod	10 weeks
	Longline Cod	?
	Pot Caught Cod	?
	Rocksole & other flat fish	5 weeks
	Opilio crab	8 weeks
April	Rockfish	7 weeks
May	Yellowfin Sole	8 months
	Sablefish	12 weeks
July	Halibut	??
	Rockfish	8 weeks
	Herring	1 day
August	Pollock "B" Season } 8/15 ~>	7 weeks (offshore)
	" "	10 weeks (onshore)
November	King crab (Bristol Bay)	4 days
	King crab (Adak area)	2 months
	Bairdi crab	5 months

***General dates only:** call ADF&G at (907) 581-1239 or NMFS at (907) 581-2062 for specific opening and closure dates.*

Rough Sketch

For cost Economic Benefit Analysis

8

EXAMPLE SCENARIO
FOR HARVEST PRIORITY

At the end of [2] years of the program:

[80%] of the [trawl] fisheries have a harvest priority system.

Priority harvest reservation set at [40%] of TAC. A.B.

Target bycatch rate was set at [30%] of 1993 average bycatch.

[75%] of fishermen in those fisheries qualify for priority harvest.

Please ~~Start~~ Consider 2 tiered System 1st year too.

After [3] years:

Fishermen propose an additional tier reduction to [15%] of the 1993 bycatch rate.

Additional [20%] of TAC is reserved for this tier #2.

After [4] year:

[90%] qualify for tier 1.

[30%] qualify for tier 2.

Council invites proposals for fisheries that it will initially consider for harvest priority and sets up working group to help screen and ensure economic incentives are adequate to cover costs and induce participation.

If possible — Can we try same ~~year~~ season HP reserves.

Rough Sketch

EXAMPLE SCENARIO
FOR HARVEST PRIORITY
COST BENEFIT ANALYSIS

At the end of [2] years of the program:

[80%] of the [trawl] fisheries have a harvest priority system.

Target bycatch rate was set at [30%] of 1993 average bycatch.

[75%] of fishermen in those fisheries qualify for priority harvest. Priority harvest reservation set at [40%] of TAC.

Please Look at 2 tiered system for 1st year also

After [3] years:

Fishermen propose an additional tier reduction to [15%]] of the 1993 bycatch rate.

Additional [20%] of TAC is reserved for this tier #2.

After [4] year:

[90%] qualify for tier 1.

[30%] qualify for tier 2.

Council invites proposals for fisheries that it will intially consider for harvest priority and sets up working group to screen and coordinate them.

As we see it, there are three major elements of determining a Harvest Priority qualification standard.

1. **Discarded bycatch per total catch ____%**

   Discards would include economic discards, non-commercial species bycatch, prohibited species and regulatory discards.
   This recognizes the reality of a mixed species fishery involving co-target catches.

   A minimum percent (15% for example) of the fish by weight must be used for human consumption, except surimi, otherwise it should be considered an economic discard for the purposes of Harvest Priority opportunities.

   a. Retained catch per total catch. _____.

      Simply the inverse calculation of the discarded bycatch - understands that a mixed bag of fish is not necessarily dirty fishing and that co-target species catch is desirable if it is retained for human consumption.

2. **The target species catch should constitute ____% of the total retained catch.**

   This maintains the focus of the fishing effort on the target species by requiring that a percentage of the retained catch is the intended target species.

3. **The prohibited species index**

   This index refers to the number of animals caught in a fishery per metric ton.

   For example, if 6 PSC species were identified, the PSC Index number to achieve is equal to or less than 6.0. This standard rate would be indexed to the numeric value of "1.0"per prohibited species. By-catch rates above or below X animals per metric ton would have an indexed value greater or less than 1.0.

For analysis purposes, we propose a participant should meet all three elements in order to qualify for harvest priority. Any unobserved harvest (tows or haul) should be calculated at a reference year average for the fleet.

Composition of catch

Target - Main species being sought.

Co-targets - Other species that have commercial value, open season and available quotas.

Economic discards - Target and co-target fish not retained because of size, color, etc. At least 15% (or some other percent) must be used for human consumption or it will be considered discard.

Noncommercial species - Starfish, invertebrates, snails...

Prohibited species - crab, halibut, salmon, herring, etc. as defined by the Council.

Regulatory discards - Fish that have reached their quotas.

HP (rough) Set Example (c)

Haul Number	152
Haul Weight	22.4

Total Retained Catch	72.15%
Retained TS per TRC	83.78%
PSC Index	2.2

Species	TOTALS Total Weight	Total %	DISCARDS % of Species	Weight	% of Catch	Reason	RETAINED Weight	Percent
YEL	14.560	65	7	1.019	4.6	E	13.541	60.45
ROC	3.360	15	100	3.360	15.0	R	0.000	0.00
POL	1.792	8	15	0.269	1.2	E	1.523	6.80
COD	1.120	5	100	1.120	5.0	R	0.000	0.00
AKP	1.120	5	2	0.022	0.1	E	1.098	4.90
OTH	0.403	2	100	0.403	1.8	E	0.000	0.00
Disc	0.045	0	100	0.045	0.2	R	0.000	0.00
	0.000			0.000	0.0		0.000	0.00
TOTALS	22.400	100.000		6.238	27.850		16.162	72.15

PSC	SET Numbers	Weight (mt)	Percent	Ratio	AVERAGES (animals per metric ton) Seasonal Industry	Seasonal Vessel	Weekly Industry Rng	Weekly Vessel	Set Industry Rng	Set Vessel
CHIN	0	0.000	0.000	0.000	0.001					
HAL	4	0.037	0.165	0.179	0.200					
OTC Opilio	15	0.003	0.013	0.670	13.780					
BTC bairdi	0	0.000	0.000	0.000	7.832					
KNG	1	0.004	0.018	0.045	2.540					
OSAL	0		0.000	0.000	0.025					
TOTALS	20	0.044	0.196	2.200			0.000	0.000	0.000	0.000

POLLOCK

HP (rough) Set Example (b)

Haul Number	154			Total Retained Catch		≈ 92.57%		95	90	85
Haul Weight	53.9			Retained TS per TRC		98.46%		98	93	88
				PSC Index		0.0				
Species	TOTALS		DISCARDS				RETAINED			
	Total Weight	Total %	% of Species	Weight	% of Catch	Reason	Weight	Percent		
POL	52.822	98	7	3.698	6.9	E	49.124	91.14		
COD	0.809	2	5	0.040	0.1	E	0.768	1.43		
Disc	0.000			0.000	0.0		0.000	0.00		
JEL	0.270	1	100	0.270	0.5	E	0.000	0.00		
	0.000			0.000	0.0		0.000	0.00		
	0.000			0.000	0.0		0.000	0.00		
	0.000			0.000	0.0		0.000	0.00		
	0.000			0.000	0.0		0.000	0.00		
TOTALS	53.900	100.000		4.007	7.435		49.893	92.57		

PSC	SET				AVERAGES (animals per metric ton)					
					Seasonal		Weekly		Set	
	Numbers	Weight (mt)	Percent	Ratio	Industry	Vessel	Industry Rng	Vessel	Industry Rng	Vessel
CHIN	0	0.000	0.000	0.000	0.014					
HAL	0	0.000	0.000	0.000	0.000					
OTC	0	0.000	0.000	0.000	0.000					
BTC	0	0.000	0.000	0.000	0.000					
KNG	0	0.000	0.000	0.000	0.000					
OSAL	0		0.000	0.000	0.002					
TOTALS	0	0.000	0.000	0.0			0.000	0.000	0.000	0.000

(M)

HP (rough) Set Example (a)

YELLOW FIN SOLE

Haul Number	153			Total Retained Catch		89.65%		90	80	70	Opt 6
Haul Weight	22.4			Retained TS per TRC		67.43%		75	65	55	
				PSC Index		2.2					
Species	TOTALS		DISCARDS				RETAINED				
	Total Weight	Total %	% of Species	Weight	% of Catch	Reason	Weight	Percent			
YEL	14.560	65	7	1.019	4.6	E	13.541	60.45			
ROC	3.360	15	15	0.504	2.3	E	2.856	12.75			
POL	1.792	8	15	0.269	1.2	E	1.523	6.80			
COD	1.120	5	5	0.056	0.3	E	1.064	4.75			
AKP	1.120	5	2	0.022	0.1	E	1.098	4.90			
OTH	0.403	2	100	0.403	1.8	E	0.000	0.00			
Disc	0.045	0	100	0.045	0.2	R	0.000	0.00			
	0.000			0.000	0.0		0.000	0.00			
TOTALS	22.400	100.000		2.318	10.350		20.082	89.65			

PSC	SET				AVERAGES (animals per metric ton)					
					Seasonal		Weekly		Set	
	Numbers	Weight (mt)	Percent	Ratio	Industry	Vessel	Industry Rng	Vessel	Industry Rng	Vessel
CHIN	0	0.000	0.000	0.000	0.001					
HAL	4	0.037	0.165	0.179	0.200					
OTC	15	0.003	0.013	0.670	13.780					
BTC	0	0.000	0.000	0.000	7.832					
KNG	1	0.004	0.018	0.045	2.540					
OSAL	0		0.000	0.000	0.025					
TOTALS	20	0.044	0.196	2.200			0.000	0.000	0.000	0.000

TO BE SET BY COUNCIL

FRAME

HP (rough) Set Worksheet

Haul Number		Total Retained Catch	0.00%		
Haul Weight		Retained TS per TRC	#DIV/0!		
		PSC Index			

Discard

Species	TOTALS Total Weight	Total %	DISCARDS % of Species	Weight	% of Catch	Reason	RETAINED Weight	Percent
YEL	0.000			0.000	#DIV/0!		0.000	#DIV/0!
ROC	0.000			0.000	#DIV/0!		0.000	#DIV/0!
POL	0.000			0.000	#DIV/0!		0.000	#DIV/0!
COD	0.000			0.000	#DIV/0!		0.000	#DIV/0!
AKP	0.000			0.000	#DIV/0!		0.000	#DIV/0!
	0.000			0.000	#DIV/0!		0.000	#DIV/0!
	0.000			0.000	#DIV/0!		0.000	#DIV/0!
	0.000			0.000	#DIV/0!			
TOTALS	0.000	0.000		0.000	#DIV/0!		0.000	#DIV/0!

PSC	SET Numbers	Weight (mt)	Percent	Ratio	AVERAGES (animals per metric ton) Seasonal Industry	Seasonal Vessel	Weekly Industry Rng	Weekly Vessel	Set Industry Rng	Set Vessel
CHIN			#DIV/0!	#DIV/0!	0.001					
HAL			#DIV/0!	#DIV/0!	0.200					
OTC			#DIV/0!	#DIV/0!	13.780					
BTC			#DIV/0!	#DIV/0!	7.832					
KNG			#DIV/0!	#DIV/0!	2.540					
OSAL			#DIV/0!	#DIV/0!	0.025					
TOTALS	0	0.000	#DIV/0!	#DIV/0!			0.000	0.000	0.000	0.000

TO BE SET BY RCONCIL

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

AGENDA C-2
APRIL 1994
Supplemental

April 13, 1994

APR 18

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

Dear Rick,

As anticipated, the Council's action in January relative to Comprehensive Rationalization has been the focus of considerable discussion among agency and Council staffs, in Washington, D.C., and among elements of the industry. Given the diverse and complex structure of our existing groundfish industry and the difficulties and uncertainties associated with analyzing and developing a plan to convert the existing management regime to one based upon Individual Transferable Quotas, coupled with the pressures resulting from the expiration of the controversial inshore/offshore and CDQ programs and on December 31, 1995, it is easy to understand the Council's frustrations with the current Comprehensive Rationalization process.

Recognizing the weaknesses of the Moratorium Amendment proposal passed by the Council in June of 1992, it is also understandable that the Council family may now find it attractive to adopt something that could be put into place in the near term to significantly limit or proscribe entry into the fisheries while the Council continues to work on IFQ or other access limitation programs over the longer term. Nevertheless, I voted against the motion to proceed on a faster track with license limitation at the January 1994 meeting, and I continue to have concerns with that approach. I would like to document my reasons and suggest some alternatives.

The North Pacific Council is at the forefront among all the Councils in devising ways to deal with the problems engendered by overcapitalized open access fisheries. Nearly five years ago, the Council initiated work on the limited access program for sablefish and halibut in and off Alaska that culminated in an IFQ program for these fisheries that will be implemented in 1995. To partially mitigate for the preemption problem caused by overcapitalized fleets, the Council also initiated the very controversial inshore/offshore allocation amendment including a provision for Community Development Quotas for pollock in the Bering Sea in 1992. This provision is due to expire on December 31, 1995, since it was only to provide a form of interim stability while the Council sought a longer term solution.

Based on strong industry support, the Council also developed a moratorium on entry to the North Pacific groundfish, halibut, and crab fisheries that was adopted at the June 1992 Council meeting. This had been preceded by action on several control dates which issued warnings against speculative entry in the fisheries. There were strong differences among sectors of the industry on how the moratorium should be designed. Staff advised that certain aspects of the moratorium, particularly in regard to efficiency restrictions, did not make a lot of difference if the Council were to move quickly toward an IFQ or other limited access program. The Council's proposed moratorium is very liberal and cannot be expected to constrain entry of new capital and increased competition, within and across fisheries, especially if the fleets have something more than a relatively short period of time to react. Eligibility requirements are open to any vessel that's fished since 1980 with provisions for replacing vessels lost during that period or which have left the fishery. Fisheries are defined as all the fisheries under the Council's jurisdiction with allowance for crossover between fisheries; thus, groundfish vessels can enter the crab fishery and vice-versa. The overall effect is to allow significant increases in fishing effort for any of the individual fisheries.

On a positive side, the moratorium would establish a control date of February 9, 1992, after which new entry into the fisheries will not be permitted. It also places restrictions on vessel replacement and reconstruction.

Given the extreme allocative complexity in deciding on the appropriate content of an IFQ limited access program, the time required for analysis of various alternatives and the potential difficulties inherent in practical implementation of IFQ programs, the Council accepted in January that any longer term solution was likely to take more than a year and would not be ready by the December 31, 1995, expiration of the inshore/offshore allocation. The Council also had not had time to witness potential implementation problems with the halibut/sablefish IFQ program. The avowed purpose of the Council motion in January was to buy breathing space for the Council to consider a longer term approach to excess harvest capacity that could include elements of license limitation and IFQs. It was considered easier to put a "simple" license limitation program into effect in the short term to provide this type of breathing space. I have a problem with this approach on several fronts:

1. I seriously doubt there is any such thing as a "simple" license limitation program that will fit the expectations of the various Council members and the public. The license limitation program adopted for analysis contains every aspect of the original program including inshore/offshore, processors' licenses, skippers' licenses, CDQs, licenses by species, by area, etc. In

fact, it gives every indication of trying to solve all the problems of the world even though all the analyses presented to the Council to date shows that license limitation does not solve the basic problem of overcapitalization.

2. I do not believe a license limitation program adopted by December 31, 1995, by itself will provide the rationale to support the continuation of any inshore/offshore or CDQ allocation. In partially rejecting and then adopting an amendment to the Council's inshore/offshore proposal, the then Under Secretary for NOAA John Knauss made it clear that major allocations such as inshore/offshore were not preferred Government actions. Dr. Knauss stated, "I strongly urge the Council to not resubmit Amendment 18 again because in my judgment it will distract the Council from its major responsibility to develop a market-based allocation system for the long term."

3. I am concerned by having to sequentially process moratorium, a potentially complex license limitation and then IFQ/license limitation. The administrative and implementation redundancies of handling regulations and appeals seem to be unnecessarily complex. Too many steps involved for the Council, agency, and public.

4. The Council thoroughly discussed the effectiveness of license limitation programs in dealing with the overcapitalization problem as it deliberated the development of the sablefish/halibut IFQ amendment. The problem statement adopted by the Council for the balance of its fisheries is in large measure not addressed by a license limitation program. This is not to say that a license limitation program in combination with other measures for some fisheries may not be the preferred alternative. Nevertheless, on the surface license limitation would not seem to be the preferred alternative to address overcapitalization and to proceed down that track at any level of complexity, absent some parallel analysis of IFQ programs, would not be appropriate.

License limitation programs attempt to reduce the costs associated with the race for fish by decreasing its pace. Realization of this goal requires a reduction in effective harvesting capacity. All other experience indicates that decreasing effective harvesting capacity is very difficult; further, the prevention of increases has proven to be equally arduous. Inability to deal adequately with these issues has resulted in license limitation merely inducing further distortions in economic performance without eliminating the race for

fish. In these cases development and implementation costs may exceed benefits.

Rick, I have no problem with the concept of buying some breathing space while we continue to work on a program for the longer term. While I would not prejudge Secretarial review of the justifications for any extension of the inshore/offshore and CDQ Amendment, I would say that passage of such a proposal would be more likely if the Council was well down the track to a development of a program that will address the problems that the Council has identified in their problem statement through a market-driven program such as IFQs.

This brings me back to the moratorium. If the Council wanted to simply establish breathing space, I'm not sure why it passed such a loose moratorium. The Council's inability to tighten up the moratorium does not bode well for trying to do the same through a license limitation program. It would seem to me that a revised moratorium that reduced the eligibility years, and prohibited or greatly restricted crossover could achieve the desired result. Moratorium permits will have to be issued which are not unlike licenses. As long as the Council didn't get too far off into the hinterland of moratoriums by sub-species in areas, inshore/offshore, etc., it seems to me that this would be a relatively simple program to put in place. It could be probably be accomplished for the 1995 season while still preserving the benefits of a control date.

The Council's proposed moratorium is being submitted to the Secretary for review. Although the amendment would then be the Secretary's, the Council is free to comment on it as is any other entity. While it would be premature to predict actions which might be taken by the Secretary, it is clear that there are some aspects of the moratorium which are less effective than others and it is certainly within the authority of the Secretary to remand those sections to the Council for further review and possible modification.

Again, I'm not sure which direction the Council will wish to proceed, but I am uncomfortable with taking actions such as many of those proposed in January that may be controversial and difficult to administer and implement without a reasonable assessment of other alternatives that may go further to address the primary overcapitalization problem.

Sincerely,

Steven Pennoyer
Director, Alaska Region

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

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April 8, 1994

APR 11 1994

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

Dear Chairman Lauber:

Development of rationalization programs for the groundfish and Bering Sea crab fisheries is the most important matter before the Council. The State believes that fleet rationalization programs must be fair and equitable, enforceable, cost-effective and must put an end to the waste that is occurring in the offshore fisheries of the North Pacific. To meet these requirements, the Council must proceed in a considered, thoughtful manner. It is with these thoughts in mind that I am submitting the enclosed proposal for a two-phase groundfish fisheries rationalization program for consideration at the April Council meeting. This proposal, which is based on the Council's action at the January meeting, represents a step-wise approach to implementing a rationalization program for the groundfish fisheries. The first step is a groundfish license system (GLS) which has been designed as an interim step leading to an IFQ program.

The State believes that this step-wise approach is necessary to address the critical need to initiate a process now to slow the influx of capital into the fisheries, slow the race for fish, and reduce the unacceptable amount of waste in North Pacific fisheries. The most optimistic schedule for implementing an IFQ program had that program going into effect sometime in 1997. Bureaucratic delays and court challenges could result in significant delays from this date. In addition, amendments to the Magnuson Act may be required to address funding and confidentiality problems and other issues associated with implementing an IFQ system. While it is important to implement the moratorium in order to preserve the control date, it is also obvious that there is a need to have a system in place during this interim period which goes beyond the capabilities of the moratorium. The State believes that the proposed GLS system, which could be adopted this year and implemented sometime in 1995, would meet this need.

As an interim step the GLS system addresses problems with the moratorium and sets the stage for the IFQ system (phase two of the program). In contrast to the moratorium, the GLS system clearly defines the fisheries involved, narrows the number of vessels in these fisheries, and closes the door on crossovers. The proposed GLS system defines who is in and who is out. These results set the stage for the IFQ system and reduce the design decisions regarding IFQs to those involving questions about quota allocation and associated issues.

The proposed GLS program also addresses many aspects of the Council's problem statement. Separable species endorsements, a license retirement program, and a cap on vessel upgrades all address concerns for the level of capitalization in the groundfish fisheries. Gear type and fleet sector license designations address concerns for allocation, preemption, and gear conflicts and associated concerns for the destabilizing economic implications of such conflicts. The proposed full utilization and bycatch control provisions provide a mechanism to address the environmental, social, and economic costs of continued wasteful fishing practices. These same provisions ensure development of an accurate harvest database for target and bycatch species. These data will provide the information necessary to implement further bycatch controls, such as our proposed harvest priority multiplier, under the IFQ system. These provisions will significantly reduce the race for fish and provide benefits not usually associated with license systems. The inclusion of vessel size categories, inshore/offshore designations, community development quotas (CDQs), and other provisions address concerns for the economies of coastal communities and maintain diversity in the fisheries. Finally, the proposed GLS system is designed to provide an enhanced and clarified enforcement base while setting the stage for successful enforcement under the more challenging conditions of an IFQ system.

In all, the proposed GLS system makes a substantial contribution to addressing twelve of the fourteen issues of concern identified by the problem statement. However, not only does the proposed GLS system address the problem statement, it does so in a way that enables the subsequent IFQ system to respond to additional concerns identified in the problem statement. Thus, since our proposed IFQ system builds off the GLS system, our composite proposal addresses the problem statement in a comprehensive and pragmatic manner.

Step two of our proposal is an IFQ system that builds off the GLS system. For example, by following on from the GLS system, decisions about species for inclusion, areas, and criteria for initial quota share qualification are all simplified and allow the consideration and analysis of issues peculiar to implementing an IFQ system. This should serve to help focus the debate on the critical outstanding issues, and thus streamline the analytical process. We believe that this approach represents a logical, orderly process for developing a comprehensive rationalization program for the groundfish fisheries.

Please note that the crab fisheries managed by the Council have not been included in this proposal. This should not imply that licenses or IFQs are not appropriate for the crab fisheries. The state is fully supportive of the Council developing such proposals for consideration. However, I believe that the crab fisheries deserve explicit focus when designing either license or IFQ programs for those fisheries. The crab fisheries are not well served by inclusion in programs primarily focused on groundfish management.

Sincerely,

Carl L. Rosier
Commissioner

INTEGRATED FISHERIES RATIONALIZATION PROGRAM
PHASE 1: GROUNDFISH LICENSE SYSTEM (GLS)

April 8, 1994

RELATIONSHIP TO IFQ SYSTEM

The Groundfish License System (GLS) is designed to be the first step towards implementation of a future IFQ system.

NATURE OF LICENSES

GLS would not apply to longline sablefish, halibut, demersal shelf rockfish or crab.

GLS licenses will be issued for each management area. Areas are:

1) Bering Sea
2) Aleutian Islands
3) Western Gulf
4) Central Gulf
5) Eastern Gulf

Each GLS area license will also be designated by gear type, vessel size, and industry sector, with accompanying species endorsements as follows:

1) Separate license designations for fixed gear and trawl gear, further separated by catcher and catcher-processor operations. License designations to be based on activity in the 3 year period prior to June 24, 1992. If more than one gear type and/or operation type was used during this period, vessel owner to choose one gear/operation designation.

2) Separable endorsements by area for the following list of target species (consistent with the proposed IFQ program). Species endorsements will be awarded based upon qualifying participation (for each species) as described below under CRITERIA FOR ELIGIBILITY:

BSAI	GOA
pollock	pollock
Pacific cod	Pacific cod
Atka mackerel	deepwater flats
yellowfin sole	shallow water flats
other flatfish	Atka mackerel
rockfish	rockfish*
squid (fixed gear only)	
rocksole**	
turbot	

* The State of Alaska is opposed to designating GOA rockfish a target fishery except as a longline only fishery.
** The Council has previously decided to designate this fishery a target fishery. Given the extreme discard wastage associated with this fishery, the State of Alaska again notes its opposition to this designation.

3) Licenses for catcher vessels designated by the following size categories: <60', 60' to 125', and >125'. Options for base date for length determination are:

Option A: Vessel length as of June 24, 1992, pursuant to the conditions of the moratorium.

Option B: Vessel length at the date of final Council action.

4) Licenses will be designated inshore or offshore based on 1993 activity.

WHO WILL RECEIVE LICENSES

GLS licenses will be awarded to "qualifying vessel owners." A "qualifying vessel owner" must be a U.S. citizen ("citizenship" for corporations, partnerships, and associations to be defined by Title 46 §802 (the Shipping Act of 1916), i.e., 75% U.S. ownership/control) and is the vessel owner of record at the date of final Council action.

CRITERIA FOR ELIGIBILITY

Licenses will be issued to any qualifying vessel owner (as defined above) for each vessel that fished in each year of the three-year period before June 24, 1992 and the year before the date of final Council action. If a vessel is lost during this period, owner at time of loss is still eligible. Options for analysis of additional landings requirements include:

Option A: 1 to 4 landings per area/target species combination during the qualifying period specified above.

Option B: 1-4 landings per area/target species combination in the year prior to the date of final Council action.

TRANSFERABILITY, OWNERSHIP AND USE

Licenses are non-transferable across categories identified above (see Nature of Licenses). Within this general restriction, licenses may be transferred (sold) only to U.S. citizens ("citizenship" for corporations, partnerships, and associations to be defined by Title 46 §802 (the Shipping Act of 1916), i.e., 75% U.S. ownership/control). Species endorsements are separable and transferable within an area.

Each qualified vessel owner may not hold or otherwise control more than _____ GLS area licenses in aggregate (range for analysis is 5, 10, 15). Initial allocation of GLS licenses will be based upon participation during the qualifying period and may exceed these limits. Any vessel owner who receives an initial allocation of GLS licenses in excess of these limits is prohibited from acquiring any control/interest whatsoever in additional licenses until their aggregate license holdings are below these limits.

No more than ____ GLS area licenses may be used on any vessel. Options for analysis range from 1 to 5 area licenses per vessel.

Alternatives for additional conditions are:

Option A: License may only be transferred with the vessel. If a vessel is lost or upgraded, it may be replaced with a vessel of, at most, equivalent size and fishing capacity.

Option B: License may be transferred without vessel. License may only be transferred to a new vessel of, at most, equivalent size and fishing capacity.

FULL UTILIZATION/BYCATCH CONTROL PROVISIONS

Issuance of a GLS license is conditional upon the following:

1) Full retention and full utilization of all species for which a TAC exists, except PSCs, with a minimum food grade requirement. Options for analysis of the minimum percentage of target species harvest which must be processed for human consumption are:

Option A: 50%
Option B: 70%
Option C: 90%

2) Total catch measurement and monitoring.

3) Total PSC enumeration but not retention unless provided for by other management/regulatory programs.

INTEGRATED FISHERIES RATIONALIZATION PROGRAM
PHASE 1: GROUNDFISH LICENSE SYSTEM (GLS)

April 8, 1994

LICENSE RETIREMENT PROGRAM

Option A: An industry funded buyback program, using funds collected through a fee assessment of ex-vessel of groundfish, run by NMFS/RAM, will be initiated to govern all transfers of licenses. This program will have first right of refusal on licenses to be sold. All licenses purchased by the program may be permanently retired to adjust participation levels.

Option B: Bankruptcy/Marshall's Sale Retirement Provision. Licenses will be permanently retired as a result of bankruptcy proceedings or a Marshall's sale involving a GLS vessel.

Suboption: The above provision is only applicable to bankruptcy cases where outstanding debts are "discharged."

COMMUNITY DEVELOPMENT QUOTAS

CDQ set-asides of up to 15% (range of 0% to 15%) of any or all groundfish TACs, but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.

GENERAL PROVISIONS

1) Licenses represent a use privilege; however, the Council could alter or rescind the program without compensation. In particular, the GLS program may be converted into an IFQ program without compensation.

2) Licenses may be revoked for failure to comply with any of the conditions listed under Full Utilization/Bycatch Control Provisions and/or for violations of area and gear restrictions (to include all applicable area and gear restrictions/regulations).

3) A minimum percentage of total harvests must be delivered inshore (% based on 1993-94 average for each species for each GLS area separately).

4) Mandatory Skipper Reporting System. Holder of GLS license is required to report relevant skipper data to NMFS for all skippers associated with the use of a GLS license. Relevant data shall include name, address, and dates of service. The intent of this option is to build a database for consideration of skipper options under a subsequent IFQ program.

5) An analysis of the impact of various rent collection levels and mechanisms is required.

6) An analysis of enforcement and program implementation costs is required.

7) An analysis of the extent of foreign ownership or control of licenses is required.

8) Analysis of IFQ options should continue and a post-implementation monitoring program for the halibut/sablefish program is required.

CONVERSION FROM GLS SYSTEM TO IFQ SYSTEM

This proposed IFQ system is based on, and will replace, the GLS license system. QS/IFQ will only be awarded to GLS license holders. QS/IFQ will be allocated and designated according to GLS categories for areas, species, gear type, catcher/catcher-processor, vessel sizes, and inshore/offshore.

SPECIES FOR INCLUSION

All species under Council jurisdiction, including PSCs, excluding demersal shelf rockfish and crab.

AREAS

QS/IFQs for all species and PSC allotments will be awarded based on GLS area licenses.

CRITERIA FOR INITIAL QS QUALIFICATION

Initial QS will be awarded to vessel owners holding a valid GLS license. Initial QS/IFQ allocations will be based upon GLS categories.

COMMUNITY DEVELOPMENT QUOTA (CDQ) CONSIDERATIONS

Continue CDQ program. Allocate 3%, 7.5%, 10%, or 15% (options range up to 15%) as CDQs for all groundfish species, but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.

SKIPPER CONSIDERATIONS

Option A: No allocations to skippers.

Option B: Initially allocate 3%, 5%, or 10% (options range up to 10%) to 'bona fide' skippers (based on landings attributable to each skipper, or based on time spent in a given fishery).

Suboption A: For the purposes of initial allocations, a 'bonafide skipper' is any skipper who ran a vessel and landed groundfish in a relevant fishery.

Suboption B: For the purposes of initial allocations, a 'bonafide skipper' is any skipper who ran a vessel and landed groundfish in a relevant fishery, as identified by the mandatory skipper reporting provision of the GLS system.

Suboption C: QS allocated under Option B shall form a separate QS pool. Subsequent transfers of QS in this pool shall be restricted to 'bona fide skippers.' For the purposes of subsequent transfers, a 'bona fide skipper' is any individual who received an initial skipper pool QS allocation **or** any individual who meets an industry approved 'professionalization qualification scheme.' (The intent is to provide for an entry-level access mechanism and to promote safety through professionalization. The qualifications cannot be overly restricting so as to create a closed class.)

PROCESSOR CONSIDERATIONS

Option A: Assign separate processor QS (2-pie system). See separate description for elements of this program. Require a minimum percentage of PS to be utilized inshore (% to be based on 1993-94 average)

Option B: Require a minimum percentage of harvest IFQs to be delivered inshore (% will be based on 1993-94 average for each species for BSAI & GOA separately).

Option C: All harvests based on QS/IFQ designated as "inshore" must be delivered inshore. This shall represent the minimum level of inshore deliveries.

Option D: Direct allocation of harvesting QS to catcher boats, catcher-processors and shorebased processors (1-pie system). Require a minimum percentage QS/IFQ harvest to be delivered inshore (% to be based on 1993-94 average by species for BSAI and GOA separately).

Note: The analysis will consider the impacts of no QS allocations to any person engaged in processing. This portion of the analysis should distinguish between industry sectors.

INITIAL QS CALCULATION

Initial QS awarded to each qualifying recipient based on GLS area licenses held. QS/IFQ designated according to GLS categories.

Option A: Analyze QS based on catch for 1990-91-92.

Suboption: For GOA fixed gear fisheries, allocate initial QS to owner at time of landings.

Option B: (1) Base for QS calculation (by area by species) determined by:

Suboption A: Owner chooses best year from 1991, 1992, or 1993 as base QS.

Suboption B: Owner chooses best year under GLS system to serve as base QS.

Suboption C: Owner's average catch from all years under GLS system serves as base QS.

Suboption D: Owner's catch under GLS system in year prior to implementation of IFQ system serves as base QS.

(2) QS credit then weighted based on length of involvement of vessel in each fishery since 1983. Base QS would be multiplied by length of involvement to determine total QS credit.

Suboption A: The length of the involvement period multiplier may be further modified for the BSAI longline cod fishery to account for the relatively recent opening of that fishery. (Using 1983 as the base, each year in the fishery may be multiplied by 1.0, 1.5, or 2.0.)

Suboption B: For GOA fixed gear fisheries use length of involvement of owner, not vessel.

In addition to the options shown above, the following possible alternatives which are specific to Pacific cod in the BSAI are offered. 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.

TARGET/BYCATCH CALCULATIONS

For the QS calculation alternatives described above, the following species will be considered target species (conforms to GLS target species list):

BSAI	GOA
pollock	pollock
Pacific cod	Pacific cod
Atka mackerel	deepwater flats
yellowfin sole	shallow water flats
other flatfish	Atka mackerel
rockfish	rockfish*
squid (fixed gear only)	
rocksole**	
turbot	

Target species QS will be based on retained catch.

PSC bycatch allotments will be bundled directly to target species QS. PSC bycatch allotments for each PSC species will be calculated by applying average PSC bycatch rates to retained target species IFQ (adjusted as necessary to stay within PSC caps).

PSC bycatch allotments are not transferable except when bundled with target species QS/IFQ. Partial bundles are transferable only on a pro rata basis of target QS/IFQ to PSC bycatch allotment. The Council will annually determine PSC bycatch rates, caps, and allotments.

The full utilization provisions of the GLS system apply: Full retention and utilization of all species for which a TAC exists (except PSCs), total catch measurement and monitoring, and total PSC enumeration but not retention unless provided for by other management/regulatory programs.

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* The State of Alaska is opposed to designating GOA rockfish a target fishery except as a longline only fishery.

** The Council has previously decided to designate this fishery a target fishery. Given the extreme discard wastage associated with this fishery, the State of Alaska again notes its opposition to this designation.

HARVEST PRIORITY IFQ MULTIPLIER

The harvest priority multiplier will provide an individual incentive/reward structure for PSC bycatch reduction. IFQ allocations for each target species fishery will be adjusted by an index that reflects individual bycatch mortality rates (the "harvest priority multiplier").

A) Harvest Priority Multiplier Calculations

Target species/gear type IFQ allocations in each area will be annually adjusted by a harvest priority multiplier as follows:

$IFQ_{ix} = [Q_{ix} / TQ_x] \times TAC_x \times H_{ix}$

where: IFQ_{ix} = individual i's pounds of IFQ for target species X
Q_{ix} = individual i's holdings of quota shares for target species X
TQ_x = total quota shares for target species X
TAC_x = TAC for target species X
H_{ix} = individual i's harvest priority multiplier for target species X

where: $H_{ix} = B_{px} / B_{ix}$, if H_{ix} is not specified directly (see option C below)
B_{px} = PSC bycatch mortality rate performance standard for participants in the target fishery for species X
B_{ix} = individual i's PSC bycatch mortality rate in the target fishery for species X

Options for analysis for defining the PSC bycatch rate performance standard (B_{px}) and/or the harvest priority multiplier (H_{ix}) are:

Option A: For a given year, the lowest PSC bycatch rate recorded among all participants in the target fishery for species X would be the performance standard (B_{px}).

Option B: For a given year, the PSC bycatch rate exceeded by a specified percentage of all participants in the target fishery for species X would be the performance standard (B_{px}). Under this option, participants with individual bycatch rates below the performance standard would be assigned a harvest priority multiplier of 1 (i.e., $H_{ix} = 1$). All other participants would be assigned a harvest priority multiplier according to the formula specified above (i.e., $H_{ix} = B_{px} / B_{ix}$,). Options for analysis are:

Suboption A: The performance standard (B_{px}) would be set equivalent to the PSC bycatch rate exceeded by 75% of the participants in the target fishery for species X (i.e., top 25% get a multiplier of 1).

Suboption B: The performance standard (B_{px}) would be set equivalent to the PSC bycatch rate exceeded by 50% of the participants in the target fishery for species X.

Option C: For a given year, rank all participants according to PSC bycatch rates (from lowest to highest) recorded for the previous year then divide participants into quartiles based on this ranking. Directly assign specific harvest priority multipliers to each quartile. Options for analysis are:

Suboption A: Participants in the first, second, third, and fourth quartiles would be assigned harvest priority multipliers of 1, 0.9, 0.8, and 0.7 respectively.

Suboption B: Participants in the first, second, third, and fourth quartiles would be assigned harvest priority multipliers of 1, 0.9, 0.8, and 0.6 respectively.

B) Harvest Priority Multiplier Conditions

1) TAC shall not be exceeded.

2) Under situations where an unclaimed portion of the TAC results from application of the harvest priority multiplier, the following are options for analysis:

Option A: Redistribute unclaimed portion of the TAC to fishers with individual PSC bycatch rates below the performance standard. Redistribution to be in relative proportion to the extent that recipients have fished "cleaner" than the performance standard, and shall be apportioned on a pro rata basis such that TAC is not exceeded.

Option B: Use the unclaimed TAC as an auction pool, with participation in the auction being restricted to only those fishers with individual PSC bycatch rates below the performance standard.

3) During the first implementation year, individual bycatch rates will be determined by averaging performance in target fisheries under the GLS system. For all subsequent years, bycatch rates will be determined by performance in the previous year (i.e., the year prior to the annual IFQ allocation). The Council may annually adjust specification of the performance standard and/or the harvest priority multiplier as part of the TAC specification process.

4) Transfers of QS/IFQ shall carry the previous year's harvest priority multiplier for the first year of use under new ownership/control.

TRANSFERABILITY PROVISIONS

QS/IFQ will be designated according to GLS categories. Options for transferability include:

Option A: QS/IFQ not transferable across GLS categories.

Option B: QS/IFQ may only be transferred within GLS categories or from GLS catcher-processor to catcher vessel categories and from larger to smaller GLS catcher vessel size categories.

Option C: Two year restriction on sales only (could lease).

Option D: Restriction on QS transfers between inshore and offshore sectors. Range (of duration) for analysis to include 5 years, 10 years, and no transfers.

Option F: No restrictions.

USE/OWNERSHIP PROVISIONS

The following 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 manage the program effectively within the overall TACs.

Option A: Must control IFQs to cover expected catch before fishing.

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

Option C: QS/IFQ use is conditional upon: Full retention and utilization of all species for which a TAC exists (except PSCs), total catch measurement and monitoring, and total PSC enumeration but not retention unless provided for by other management/regulatory programs. Non-compliance with any or all of these conditions will be grounds for suspension of IFQ for one year for the first instance of non-compliance and revocation of QS for any subsequent instances of non-compliance.

The following use/ownership provisions are also offered for consideration:

Option A: Require a minimum percentage of harvest IFQs to be delivered inshore (% will be based on 1993-94 average for each species for BSAI & GOA separately). This option was also included under 'PROCESSOR CONSIDERATIONS'.

Option B: Ownership caps would be set at .1%, 1%, 5%, 10%, or any number in that range and would apply to the BSAI and GOA separately. Same caps would apply to the skippers' quota share pool. Skippers' shares keep their identity after initial distribution. Initial allocants would be grandfathered.

ENFORCEMENT AND MONITORING REQUIREMENTS

An enforcement and monitoring plan must be developed by NMFS and approved by the Council as part of the IFQ system. Such a plan should clearly describe mechanisms for measuring and monitoring quota harvest and bycatch on an individual vessel basis (constraints imposed by current confidentiality requirements should be addressed). The plan should also clearly describe provisions for designating ports of landing and specific mechanisms to prevent leakage, including measures to monitor at-sea transshipments and provisions to measure and record harvests on an individual vessel basis prior to transporting product into waters outside the jurisdiction of the U.S. The plan should include a review of enforcement and monitoring experience in other U.S. IFQ programs. A review of the accuracy of previous enforcement cost estimates should be included.

GENERAL PROVISIONS

1) Allocations represent a use privilege; however, the Council could alter or rescind the program without compensation. The Council needs a written legal opinion from NOAA General Counsel to clarify Council authority and liability for any future constitutional "takings" claims if IFQ program is substantially altered or rescinded.

2) Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.

3) The U.S. citizenship/controlling interest definitions used in Title 46 §802 should be used in analyzing both the initial issuance and the subsequent transfer of QS/IFQs. This analysis should examine the implications of foreign ownership including an analysis of the Pacific Council's foreign ownership provisions. This analysis should also address ownership or control of QS/IFQ by lien holders and/or lending institutions.

4) An analysis of the impact of various rent collection levels and mechanisms is required. This analysis should include consideration of state and federal taxes and fees imposed on industry as well as management, enforcement and other costs borne by state and federal governments in support of industry.

5) An analysis of the feasibility and implementation of IFQ management with in-season TAC adjustments is required.

6) An analysis of constraints on management and implementation of IFQ systems posed by present confidentiality requirements is required.

7) A report on results from the halibut/sablefish IFQ post-implementation monitoring program (mandated under the GLS system) is required as part of the overall analysis.

8) An analysis of the extent to which current confidentiality requirements impede Council compliance with MFCMA requirements for review of allocation scenarios is required. The mandate that assignments of fishing privileges shall be "fair and equitable to all such fishermen. . . and carried out in such a manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges" is particularly pertinent to this requirement.

9) A QS holder which has discharged debt through bankruptcy proceedings or whose vessel is subject to a Marshall's sale will lose QS history, and QS is withdrawn from aggregate QS pool. The QS holder can earn new harvesting/processing history by participating in the fishery after the bankruptcy proceedings or Marshall's sale.

Proposed Changes/Additions to IFR Program

Page 1 of IFR Proposal, Nature of Licenses

* Add a suboption to the specification of GLS areas:

Suboption: Combine Bering Sea and Aleutian Islands as one area.

* Strike "gear type" from list of license designations (licenses to be designated by vessel size, mode of operation, and industry sector only) and modify license proposal accordingly.

* Remove rockfish from the list of target species proposed for the GOA.

Page 2 of IFR Proposal, Criteria for Eligibility

* In the first paragraph establish a distinct qualifying period for fixed gear Pacific cod fisheries by adding the following sentence after the first sentence:

> For fixed gear Pacific cod only, the vessel must have fished in the year prior to June 24, 1992.

Page 3 of IFR Proposal, Transferability, Ownership and Use

* Under Option A, change the second sentence, regarding upgrades, to read:

> If a vessel is lost or upgraded, it may be replaced with a vessel of equivalent size and fishing capacity pursuant to the conditions of the moratorium.

* Under Option B, change the second sentence, regarding transfers, to read:

> License may only be transferred to a new/replacement vessel of equivalent size and fishing capacity pursuant to the conditions of the moratorium.

Full Utilization/Bycatch Control Provisions

* Under condition 1, change beginning of the first sentence to read:

> Full retention and full utilization of all target species for which a TAC exists...

Page 4 of IFR Proposal, General Provisions

* Change provision 2 to read:

> Penalties must be severe for failure to comply with any of the conditions listed under Full Utilization/Bycatch Control Provisions and/or for violations of area and gear restrictions (to include all applicable area and gear restrictions). Licenses may be suspended or revoked for multiple violations.

* Change beginning of provision 3 to read:

> A minimum percentage of total target species harvest must be delivered. . .

* Make provision 5 consistent with similar provision under IFQ portion (page 12) of proposal:

> An analysis of the impact of various rent collection levels and mechanisms is required. This analysis should include consideration of state and federal taxes and fees imposed on industry as well as management, enforcement and other costs borne by state and federal governments in support of industry.

Page 7 of IFR Proposal, Initial Quota Share Calculation

* Under Option B (1), add a new Suboption B that reads:

> **Suboption B:** Owner's average catch from 1991, 1992, & 1993 to serve as base QS.

Renumber remaining suboptions accordingly.

Page 8 of IFR Proposal, Target/Bycatch Calculations

* Remove rockfish from the proposed list of target species for the GOA.

* In the last paragraph, change the beginning of the second sentence, regarding full utilization, to read:

> Full retention and full utilization of all target species for which a TAC exists...

Page 11 of IFR Proposal, Use/Ownership Provisions

* Under Option C, change the beginning of the second sentence, regarding full utilization, to read:

  Full retention and full utilization of all target species for which a TAC exists...

* Under Option C, change the last sentence to read:

  Non-compliance with any or all of these conditions may be grounds for suspension of IFQ and revocation of QS for multiple instances of non-compliance.

April 15, 1994

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

Dear Chairman Lauber,

The following proposal is presented to the North Pacific Fishery Management Council on behalf of a unified group of vessel owners, including trawl, longline and pot interests. This position is unanimously endorsed by all members of UCB, IF^{3}Q and AFTA. As you are aware, our organizations have been working with the NPFMC since November 1992 to develop and implement an Individual Quota system. Over the past few months we have developed an industry-based proposal comprised of components of an ITQ system that directly address the severe problems present under existing fishery management policies.

Our goal: Expeditious implementation of an ITQ management system for the groundfish and crab fisheries of the North Pacific EEZ. An ITQ system is necessary because it maximizes the potential value per unit of fish, rather than the existing system or a license limitation system which both maximize the value of production per unit of time. The primary results of the ITQ system are a reduction in the overcapitalization of the fleet and processing capacity, termination of the "race for the fish", increase product yields, increase product quality and much safer operations with the expected savings of many lives at sea.

It is with these thoughts in mind that we submit to the Council an ITQ proposal composed of the following elements agreed upon by the members of UCB, IF^{3}Q and AFTA.

THE PROPOSAL

1. Establishment of an individual transferable quota system (ITQ) for the North Pacific groundfish and crab fisheries that includes all species and areas under current NPFMC FMPs.

2. The total allowable catch (TAC) level and guideline harvest level (GHL) for each species of fish and shellfish by management area will continue to be determined on an annual basis by the Secretary of Commerce with recommendations by the NPFMC.

3. Quota share holders are granted a harvest privilege, not a property right, under this proposal. Each person's quota share is expressed as a percentage of the annual overall quota, by species and management area.

4. Ownership and control of the resource remains in the public sector, though quota shares are marketable commodities. The ITQ program is of indefinite duration; however, the Secretary can terminate the ITQ program if it fails to achieve conservation and management objectives as set forth in the Magnuson Act. Also, the Secretary can revoke a person's privilege for cause after due process of law.

5. The program provides for the collection of user fees from quota share holders. A fee equal to four percent of the unprocessed value of each species of fish harvested will be assessed on quota share holders. Fees collected under this provision would fund administration of an ITQ program and the NMFS Observer Program, as well as certain enforcement and defined fishery research costs.

6. Fishing industry participants have agreed upon an alternative allocation option in addition to the ones already identified by the Council. This option would be based on a formula that utilizes a blend of historical catch and recent participation combined with a range of weights for DAP and JVP participation. The formula under consideration is as follows:

Percentage Quota Share = W1(Recent) + W2(Weighted DAP/JVP), where

W1 and W2	= percentage weights summing to 100%
Recent	= catch in 1991 - 1992
Weighted DAP:JVP	= 1982-92 catch with option a) 1:1 DAP:JVP Ratio option b) 2:1 DAP:JVP Ratio option c) 3.5:1 DAP:JVP Ratio

Industry representatives are continuing negotiations on this blended formula approach to come up with a proposal that will have broad support from all sectors of the industry.

7. Quota shares can be sold, leased, or otherwise transferred by a quota share holder. Options for restrictions on who may acquire quota shares should include the following:

Option A: QS not transferable across sectors (Catcher Vessel, Factory Trawler).

Option B: QS are freely transferable across industry sectors.

Option C: A limited percentage of QS are transferable across sectors.

8. There are no restrictions on the number of quota shares that any person can acquire, subject to compliance with federal anti-trust laws.

9. Analysis of an ITQ program should include review of the existing Community Development Program (CDQ), which sunsets in 1995. Options for analysis include the following:

Option A: No CDQ program.

Option B: CDQ program based on all groundfish and crab fisheries, the value of such program not to exceed a fixed value.

10. Consistent with current law, initial quota share allocations are to be assigned to fishermen. The analysis should consider an option allowing processors to purchase quota shares from fishermen. The analysis should also include determination of the number and fishing capacity of catcher vessels currently owned by processors and their future ownership of ITQs through existing CV ownership.

11. The analysis should consider an option whereby catcher vessel fish sales are guaranteed 75% to shoreplants and 25% available for sale anywhere if the catcher vessel receiving the quota shares was primarily a shoreside vessel in 1993. Similarly, the analysis should include options whereby catcher vessel fish sales are guaranteed 75% to motherships and 25% available for sale anywhere if the catcher vessel receiving the quota shares was primarily a mothership delivery vessel in 1993. Similarly, the analysis should include options whereby catcher vessel fish sales are guaranteed 75% to factory trawlers and 25% available for sale anywhere if the catcher vessel receiving the quota shares was primarily a factory trawler delivery vessel in 1993. The concept will provide a minimum shoreside delivery guarantee, a minimum mothership guarantee and a minimum factory trawler guarantee that equals 75% of present catcher vessel sales to their present market sector (this concept pertains just to pollock and cod).

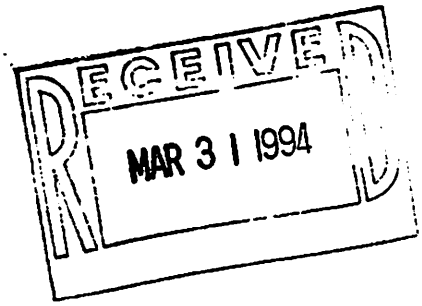
Thank you for your consideration of putting ITQs back on the Council's agenda at the April 1994 meeting and your consideration of the components of an ITQ system as detailed above.

Sincerely,

Brent Paine & Steve Hughes
United Catcher Boats

Joe Blum
AFTA

Margaret Hall
IF3Q



RURAL STRATEGIC CONSULTANTS
P.O. Box 5
Hooper Bay, Alaska 99604
(907) 758-4535

Mark Edward Springer

March 31, 1994

Mr. Rick Lauber
Chairman
North Pacific Fishery Management Council

re: Agenda Item C-2 Comprehenive Rationalization Planning

Dear Chairman Lauber:

In previous testimony to the North Pacific Fishery Management Council I have emphasized my firm conviction that any attempt to manage the economics of the fishery (essentially the current thrust of the CRP process) *must* go hand in hand with an effort to get a handle on the management of the resource itself.

To that end I have suggested a complete rethinking of the Bering Sea/Aleutian Island Statistical and Reporting Areas. However, this is not my idea. It came up as an FMP amendment proposal several years ago, and like most good FMP amendment proposals was viewed with interest but never made it to the table.

In an effort tc develop some consideration of this idea I am submitting for your perusal one suggested revision of the BSAI areas.

As noted on the first page, there are four initial objectives to this plan. Obviously, once you get the lines drawn on a chart you can draw additional inferences to the overall management benefits to be realized from such a scheme.

I am sure all will agree on several points. First, the areas *must* be redrawn. Second, the more areas there are, the better the use can be made of reported information. Third, there is great potential for ecosystem management using a revised statistical area format. Finally, additional areas enhance "hot spot" management ability for NMFS to protect prohibited species.

Sincerely,

Mark Edward Springer

RURAL STRATEGIC CONSULTANTS
P.O. Box 5
Hooper Bay, Alaska 99604
(907) 758-4535

Mark Edward Springer

March 31, 1994

North Pacific Fishery Management Council
Agenda Item C-2 Comprehensive Rationalization Planning

Proposed Revisions to Bering Sea/Aleutian Islands Federal Reporting Areas

SUMMARY:

This proposal is intended to redefine the Statistical and Reporting Areas of the BeringSea/Aleutian Islands to permit:

1. Better management options for control of bycatch in the pollock fishery, particularly salmon bycatch;
2. More areas allowing better analysis of catch and bycatch report information;
3. Removing artifical separations between St. George and St. Paul Islands, and integrating St. Lawrence Island into the same area as Norton Sound;
4. Creating a new Reporting Area for Bristol Bay.

504 North of 58 00 N Lat, East of 162 00 W Long south of Cape Newenham and the Alaska mainland

511 South of 58 00 N Lat between 163 00 W Long and 165 00 W Long, and south of 58 00 N Lat between the Alaska Peninsula and 160 00 W Long

512 South of 58 00 N Lat, north of the Alaska Peninsula between 160 00 W Long and 162 00 W Long

513 North of 56 30 N Lat, west of 165 00 W Long and south of 58 00 N Lat

514 North of 58 00 N Lat, east of 170 00 W Long and south of 62 30 N Lat

NPFMC Comprehenive Rationalization Planning
BSAI Reporting Areas- Proposed Revisions
Page 2

516 South of 58 00 N Lat, north of the Alaska Peninsula, and between 162 00 and 163 00 W Long

517 South of 56 30 N Lat, east of 170 00 W Long, and west of 165 00 W Long; and north of straight lines between 54 30 N Lat, 165 00 W Long and 54 30 N Lat, 167 W Long, and 55 46 N Lat, 170 00 W Long

518 Bogoslof District: South of a straight line between 55 46 N Lat, 170 00 W Long and 54 30 N Lat, 167 00 W Long, east of 170 00 W long, west of 167 00 W Long, and north of the Aleutian Islands and straight lines between the islands connecting the following coordinates in the order listed:

52 49.0 N, 169 40.4 W
52 49.8 N, 169 06.3 W
53 23.8 N, 167 50.1 W
53 18.7 N, 167 51.4 W

519 South of a straight line between 54 30 N Lat, 157 00 W Long and 54 30 N Lat, 164 54 W long; east of 167 00 W Long; west of Unimak Island; and north of the Aleutian Islands and straight lines between the islands connecting the following coordinates in the order listed:

53 59.0 N, 166 17.2 W
54 02.9 N, 166 03.0 W
54 07.7 N, 165 40.6 W
54 08.9 N, 165 38.8 W
54 11.9 N, 165 23.3 W
54 23.9 N, 164 44.0 W

521 North of 58 00 N Lat, west of 170 00 W Long and south of 60 00 N Lat

522 North of 55 00 N Lat, west of 170 00 W Long, east of 180 00 Long and south of 56 30 N Lat

523 North of 60 00 N Lat, west of 170 00 W Long, south of 62 30 N Lat

524 North of 62 30 N Lat

FROM : SEA LION CORPORATION PHONE NO. : 758 4815

NPFMC Comprehensive Rationalization Planning
BSAI Reporting Areas- Proposed Revisions
Page 3

530 North of 55 00 N Lat, west of 180 00 Long

540 Aleutian Islands: South of 55 00 N Lat, west of 170 00 W Long

750 Donut Hole: International Waters of the Bering Sea between the EEZ of the United States and theEEZ of the Russian Federation

APR · 4 199·

Gunnar Ildhuso, Jr.
F/V Gun-Mar F/V Mar-Gun
5719 Seaview AV. NW.
Seattle, WA 98107

March 21, 1994

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

Dear Chairman Lauber,

My name is Gunnar Ildhuso, Jr., I am the owner/operator of the F/V Gun-Mar and F/V Mar-Gun. I am also a member of IF3Q and UCB. I would like to encourage you to pass IFQ's for Groundfish as soon as possible, and forget about license limitation.

There are many reasons for having IFQ's:

A. **One of the reasons is safety.** When a storm comes, you could stop and jog around and wait the storm out. As it is now, you can't afford to stop because someone else is still fishing.

B. **Plus, the value of our resource would be increased.** By your IFQ amount, each vessel would maximize it's catch for value, quality and price.

C. **Without** a race for fish, the fisherman will be able to fish more slowly and handle fish more carefully. This should help our bycatch problem.

Thank you for taking this into consideration, and I look forward to seeing IFQ's pass in the immediate future.

Gunnar Ildhuso, Jr.

Gunnar Ildhuso

ALASKA OCEAN SEAFOOD

LIMITED PARTNERSHIP

April 13, 1994

Mr. Richard B. Lauber, Chairman
North Pacific Fishery Management Council
PO Box 103136
Anchorage, AK 99510

Re: Agenda Item C-2 (a) (b) Moratorium and License Limitation

Dear Mr. Lauber,

I am writing on behalf of Alaska Ocean Seafood Limited Partnership. I am General Manager of Alaska Ocean Seafood and an owner and principal captain of the surimi factory trawler ALASKA OCEAN. I have been involved in the Alaska crab and groundfish fisheries for some 25 years, and have owned and operated vessels engaged in the pollock fisheries since 1982.

The ALASKA OCEAN is the largest and one of the most modern surimi factory trawlers in the U.S. fleet. My partners and I committed to the ALASKA OCEAN project in 1987. After two years of negotiation and effort to develop a design and find a cost-effective shipyard, and another year of intensive shipyard work, the ALASKA OCEAN was completed and entered the BSAI pollock fishery in 1990.

My partners and I support the Council's action to move forward with License Limitation. We regard License Limitation as formalizing the vessel moratorium program and as a necessary and practical step towards a Comprehensive Rationalization Program (CRP).

On June 24, 1992 the Council voted to implement a vessel moratorium pursuant to which new vessels were prohibited from entering the affected fisheries after February 9, 1992. At the same time, the Council established a "control date" of June 24, 1992, and alerted the industry that catch histories after that date may not be included in determining allocations of TAC under future CRP programs.

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In voting to implement the moratorium, the Council elucidated three basic goals:

1. To freeze the size and harvesting capacity of the North Pacific Fleet;

2. To prevent further speculative increases in capacity; and

3. To give the industry and fishery managers a starting point from which to design a CRP for the North Pacific Fisheries.

Alaska Ocean believes that a properly implemented License Limitation program would be consistent with the Council's pronouncements to the industry, would foster the stated goals of the moratorium, and would serve as a logical next step in developing a CRP. Our specific thoughts on implementation are set out below.

NATURE OF LICENSES

The license should be a single groundfish license applying to all species/areas. Further development of a CRP and an IFQ program should address the issues surrounding individual species and areas.

In addition, groundfish licenses should be designated by vessel size (length), as was done in the Pacific Council's groundfish permit system. Such a designation would be totally consistent with the moratorium's goal of avoiding increases in capacity. Admittedly, there is not significant additional investment in the factory trawler fleet. **However, the moratorium goes beyond restricting new entry by also restricting reconstruction that increases the capacity of existing harvester vessels.** History demonstrates the very real possibility that, absent such a restriction, fishing vessel owners will reconstruct their vessels to increase capacity, even in the face of marginal economics. Such "capital-stuffing" will exacerbate overcapitalization and place even more pressure on the industry. **A license designated by vessel size would effectively continue the moratorium's reconstruction limitation and thus would avoid this problem.**

WHO SHOULD RECEIVE LICENSES

The license should be issued only to the current owner of the vessel, unless the previous owner of a vessel qualifying for a license has, by the express terms of a written contract, reserved the right to the license

The license could be issued for an "unidentified" vessel of a specific size but must be ultimately identified with a vessel of appropriate size in order to be valid for fishing.

CRITERIA FOR ELIGIBILITY

Consistent with the control date established in conjunction with the moratorium, a vessel that qualified under the moratorium and that made landings during the three-year period before June 24, 1992, should be eligible for a license.

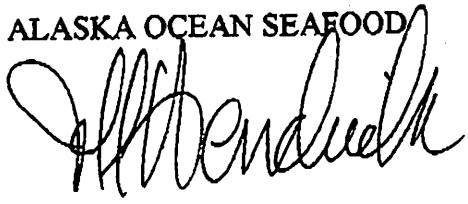
TRANSFERABILITY AND OWNERSHIP

As with the Pacific Council's groundfish permit system, licenses should be transferrable. However, a license generally should not be transferrable from a smaller vessel to a larger vessel, unless smaller vessel licenses are being combined to license a larger vessel and there is no resulting increase in the capacity of the fleet. (Please see discussion under Nature of Licenses.)

Thank you for your consideration of our views.

Sincerely,

ALASKA OCEAN SEAFOOD

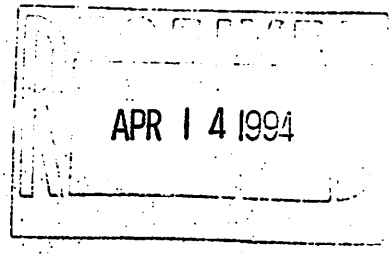


Jeff Hendricks
General Manager

ALASKA OCEAN SEAFOOD

LIMITED PARTNERSHIP

April 13, 1994



Mr. Richard B. Lauber, Chairman
North Pacific Fishery Management Council
PO Box 103136
Anchorage, AK 99510

Re: Agenda Item C-2 (c) Comprehensive Rationalization Plan/Initial QS Calculation Options

Dear Mr. Lauber,

I am writing on behalf of Alaska Ocean Seafood Limited Partnership. I am General Manager of Alaska Ocean Seafood and an owner and principal captain of the surimi factory trawler ALASKA OCEAN. I have been involved in the Alaska crab and groundfish fisheries for some 25 years, and have owned and operated vessels engaged in the pollock fisheries since 1982.

The ALASKA OCEAN is the largest and one of the most modern surimi factory trawlers in the U.S. fleet. My partners and I committed to the ALASKA OCEAN project in 1987. After two years of negotiation and effort to develop a design and find a cost-effective shipyard, and another year of intensive shipyard work, the ALASKA OCEAN was completed and entered the BSAI pollock fishery in 1990.

Unfortunately, my partners and I now see our efforts and investment severely threatened by an aspect of the Council's Comprehensive Rationalization Plan for the groundfish fisheries, specifically the options for initial Quota Share Calculations that the Council is considering. Quite simply, **if *Option A* were to be adopted which bases initial allocations on extensive catch history, Alaska Ocean and other recent entrants to the fishery would be destroyed.** On the other hand, adoption of either *Option B* or *Option C* would insure that all present participants in the fishery are treated fairly and equitably

The untenable results accruing from *Option A* can be seen by examining its likely effect on three groups of participants: early entrants who continue to own and fish with the same vessels; "current owners" of early entrant vessels; and recent entrants such as Alaska Ocean. During the 1991-1993 seasons, and only during those seasons, all three of these groups have had an equal opportunity to use their energies, skills, and capital to develop a catch history. Likewise, during that period, and only during that period, all three groups have had an equal opportunity to demonstrate present participation in and dependence on the fishery. Yet, *Option A* would have startlingly different consequences for each group.

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1. Early entrants.

These participants entered an under-capitalized and non-competitive fishery. Indeed during a period when early "joint venture" harvesters enjoyed the full support of our national, state and local governments to eliminate foreign fishing in U.S. waters. In fact most "joint venture" harvester vessels were built for the Alaska crab fisheries which became seriously overcapitalized and economically distressed leaving "joint venture" opportunities not as a risk investment choice but the only option short of bankruptcy. Indeed during a later period when catch history was accumulated by American factory trawlers that enjoyed the economic rewards of roe stripping and possible low yield high value processing. Their capital investments are in all likelihood completely recouped. During the 1991-1993 seasons, despite greatly heightened competition, they were nonetheless able to maintain viable operations and their personnel remained gainfully employed.

Were *Option A* to be adopted, these participants would enjoy an incredible windfall. Their catch histories from early years, histories which have no bearing on the present composition of the industry, would be used to provide them with allocations far in excess of the catches upon which they and their employees are presently dependent. Moreover, these excessive allocations could well encourage those participants to develop additional capacity to realize the benefits of the larger allocations.

Such results simply cannot withstand scrutiny under the National Standards or Section 303(b)(6) of the Magnuson Act. For example, the results would violate the fair and equitable criterion of *National Standard 4* by giving this group an unwarranted windfall. Similarly, *Option A* would run afoul of *National Standard 4's* prohibition against acquisition of excessive share by providing this group with allocations in excess of their current catches.

Option A would encounter similar problems if measured against *National Standard 5*. Contrary to the Standard's ban on economic allocation as the sole purpose of a conservation and management measure, *Option A* would provide economic benefits to this group which this group does not need; thus the *Option A* would provide an economic allocation to a particular segment of the industry and would do so at the expense of other segments without any offsetting benefit. Further, and again contrary to *National Standard 5*, *Option A* would create incentives for excessive investment in additional capacity. For this same reason, *Option A* is inconsistent with *National Standard 7* as well.

Because *Option A* reaches far back in time, ignoring present realities in the fishery, it would also be contrary to the dictates of Section 303 (b) (6) of the Magnuson Act. That section requires that an ITQ scheme take into account, among other things, present participation in and dependence on the fisheries. Other recently implemented ITQ programs have given these factors great weight. For example, the South Atlantic Council, in implementing a clam and quahog ITQ, based initial allocations on a nine-year catch history

but gave the most recent four years double weight. NOAA noted with approval the Council's's determination that an allocation scheme that benefitted early entrants would not actually reflect present participation in the fishery. Similarly, the North Pacific Council itself, in adopting the halibut and sablefish ITQ, noted that basing allocations on catch histories other than those in recent years would capture too many people who are no longer dependent on the fishery.

In contrast with Section 303(b) (6) and these ITQ programs, *Option A* would grant larger allocations to early entrants even though their present participation and dependence is based on smaller shares. (Indeed, *Option A* may well grant allocations to persons who are not presently participating in the fishery at all.)

2. Recent purchasers of early entrant vessels.

Were *Option A* to be adopted, its effects on this group, and concomitant unacceptability, would be virtually identical to the early entrant group. The unacceptable results would be exacerbated, however, by the fact that **these participants did not even achieve the catch histories upon which their allocations would be based.** In fact some early entrant vessel owners who achieved the catch history sold those vessels to invest in recent entry vessels.

3. Recent entrants.

These participants entered the fishery at the express urging and invitation of the federal government. They brought to the industry large capital investments which are not yet recouped and created additional job opportunities in the fishery itself as well as in support industries. As with the other groups, the 1991-1993 seasons accurately reflect this group's present participation in and dependence on the fishery.

Were *Option A* to be adopted, this group would receive allocations considerably smaller than their present catch. Catch which they now enjoy would be reallocated to the early-entrant and recent-purchaser groups who are not presently dependent on that catch. As a result, this group would face under-utilized capacity and a severe reduction in employment opportunities. Many would find that their operations are no longer economically viable.

Again, such results are contrary to the National Standards and Section 303(b) (6). With respect to *National Standard 4*, fairness and equity would be lost. Early entrants would receive a windfall allocation at the expense of this group. Employees of this group would be discriminated against in favor of employees of early entrants who were already gainfully employed by reason of catch histories in the 1991-1993 seasons. Employees in industries such as shipyards that service recent entrants would suffer job losses with no concomitant benefit to anyone.

Similarly, *National Standard 5* would be violated because *Option A* would result in this group's holding underutilized capacity. Moreover, *Option A* would result in an unwarranted economic allocation: *Option A* would ignore the capital investments undertaken by recent entrants and the ability of quota share systems to affect the worth of assets, while providing bonus shares to earlier entrants whose capital investments already have been recouped.

For similar reasons, *Option A*'s effects on recent entrants would be inconsistent with Section 303(b) (6). By its very terms, *Option A* would ascribe insufficient importance to present participation in and dependence on the fisheries. Indeed, *Option A* would stand the dependency factor on its ear by reducing shares upon which recent entrants are dependent and increasing shares for earlier entrants who are not dependent upon them.

For these reasons, Alaska Ocean believes that adoption of *Option A* would be an unwarranted and ill-advised re-allocation of the fishery resource. Alaska Ocean generally supports the concept of an ITQ program, and believes that such a program can be implemented in a fair, equitable, and legal manner if initial allocations are determined under either *Option B* or *Option C*. Each of these Options would allocate the resource on the basis of current rather than historical conditions and thus would avoid the pitfalls discussed above with respect to *Option A*. Moreover, *Option B* would be consistent with the fact that 1991 was the first year in which 100% of the fishery resource was harvested and processed by the American industry; 1991 is therefore a logical starting point for a program that would allocate the resource among American fishermen.

Thank you for your consideration of our views.

Sincerely,

ALASKA OCEAN SEAFOOD, L.P.

Jeff Hendricks
General Manager

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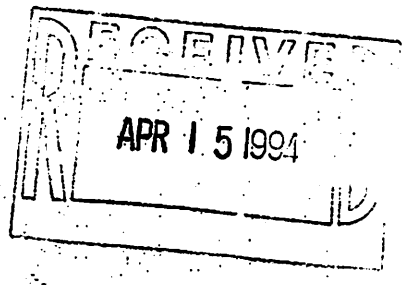

April 14, 1994

Mr. Richard B. Lauber, Chairman
North Pacific Fishery Management Council
PO Box 103136
Anchorage AK 99510

Re: Agenda Item C-2 (a) (b) Moratorium and License Limitation

Dear Mr. Lauber,

I am writing in behalf of Alyeska Ocean, Inc. as the managing owner of the two shore based trawlers AURIGA and AURORA. Since construction in 1988, the AURIGA and AURORA have been delivering Bering Sea pollock to UNISEA, a shoreside processing facility in Dutch Harbor. The operation represented the industry's first major commitment to shoreside production of surimi from Bering Sea pollock.

We support the Councils action to move forward with License Limitation. We regard License Limitation as formalizing the vessel moratorium program and as a necessary and practical step towards a Comprehensive Rationalization Program (CRP).

The Council notified the public of the Moratorium Goals which were:

1 To freeze the size and harvesting capacity on the North Pacific fleet.

On June 24, 1992 the Council voted to implement a vessel moratorium program by announcing a "cutoff date" of February 9, 1992 after which new entrants into the moratorium fisheries would not be included in the moratorium.

2. To prevent further speculative increases in capacity.

While there may not have been significant additional investment in the factory trawler fleet the moratorium also restricted reconstruction to increase capacity

of existing harvester vessels. **History clearly supports the possibility that unrestricted fishing vessel owners will reconstruct their vessels for increased capacity even under very marginal economics.** Such "capital stuffing" will result in more "overcapitalization" and place even more pressure on the entire industry.

3. To give the industry and fishery managers a starting point from which to design a CRP for the North Pacific Fisheries.

On June 24, 1992 the Council also voted to announce a control date of June 24, 1994 after which vessel landings may not count toward future allocation of TAC under a future CRP.

Implementing the moratorium by License Limitation is consistent with the public notices made by the Council to the industry and preserves the continuity of rational steps to a CRP.

NATURE OF LICENSES

The license should be a single groundfish license applying to all species/areas. Further development of CRP and IFQ's should deal with individual species and areas.

In addition, groundfish licenses should be designated by vessel size (length) as was done in the Pacific Management Council groundfish permit system. Such a designation would be totally consistent with the moratorium goal of avoiding increases in capacity.

WHO WILL RECEIVE LICENSES

The licenses should be issued only to the current owner of the vessel, unless reserved by express terms of a written contract for a previous owner. (An owner should be able to sell his vessel out of the fishery and use his license for another vessel of equal size or combine his license with others for a larger vessel)

CRITERIA FOR ELIGIBILITY

Consistent with the control date established in conjunction with the moratorium, a vessel that qualified under the moratorium and made landing during the three-year period before June 24, 1992, should be eligible for a license.

TRANSFERABILITY AND OWNERSHIP

As with the Pacific Council's groundfish permit system, licenses should be transferrable. However, a license generally should not be transferrable from a smaller vessel to license a larger vessel unless smaller vessel licenses are being combined to license a larger vessel and there in no resulting increase in the capacity of the fleet. (See discussion under Nature of Licenses.)

Sincerely yours,

AURIGA AND AURORA GENERAL PARTNERSHIP
by: Alyeska Ocean, Inc., Managing Partner

Jeff Hendricks, President

THE SEATTLE TIMES **OPINION** TUESDAY, MARCH 1, 1994

EDITORIALS

Deadly cost of business in Alaska fisheries

ADD two more to the list of young lives lost on the Alaska fishing grounds. Tough business but, hey, it could've been worse.

That's the prevailing attitude, official and otherwise, toward America's most deadly occupation. In just a few hours last week, two crab boats sank and two more had to be rescued from a vicious storm on the Bering Sea.

And it *could* have been worse. This time, there were survivors.

The loss underscores a dubious distinction for Alaska fisheries, where 25 to 35 workers die each year. A recent study published by the American Journal of Public Health calculates the rate at 414 deaths per 100,000 fishermen per year — 53 times the national average.

Regulators and fishermen shrug this off as part of working "on the edge," an unfortunate cost of doing business. Such a limp explanation wouldn't be accepted in any other business except fishing, which happens out there — out of sight, out of mind.

Insiders know that fishing risks are aggravated by the way government regulates the business. Those crab boats should not have been fishing in last week's storm. But an obsolete, 19th century management regime dishes out crab on a first-come, first-served basis. Fishermen brave those storms because they understand that if they don't, somebody else will.

The alternative is for Congress and the North Pacific Fisheries Council to confront an outdated open-entry management that encourages people to risk their lives for somebody's gourmet seafood dinner. A system of individual quotas would change those incentives, and minimize the hazards.

But change would force politicians to take on powerful fishing interests.

Until decision-makers confront the problem, the costs of their failed leadership will continue to be measured not just in dollars, but in human lives.

SEA

SKIPPERS FOR EQUITABLE ACCESS

LICENSES 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.

III Captain licenses will be good for any fishing area or species.

IV Transferability:
These Captain licenses are transferable only to other qualified Captains; but leaseable in case of emergencies, and, for the purpose of training, to crewmen working toward the position of Captain.

V Endorsements:
No endorsements; each Captain license will be good for all species and areas covered by the vessel license plan. No vessel size classes.

VI Eligibility criteria builds upon Bona Fide Captain criteria.

i A Coast Guard Fishing Master License.

ii Must have at least three documented landings per year in the subject areas and fisheries for a minimum of three years.

iii A year is defined as a calendar year.

VII Qualification period
Must have participated as a Captain in the subject fisheries for at least three years from the beginning of the vessel qualification period until the time of publication.

VII 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.

IX Qualified Captains under this management method will qualify for inclusion in all future Quota Share or alternative allocation methods.

rev 4/94

1515 NW 51st, Seattle, Washington 98107 • Phone/Fax (206) 782-4454

April 19, 1994

Richard B. Lauber
Chairman
North Pacific Fishery Management Council
Post Office Box 103136
Anchorage, Alaska 99510

Dear Mr. Lauber:

Earlier this year we wrote to you to express our concern with a proposal before the North Pacific Council which would have had the effect of reversing long-standing statutory maritime lien priorities causing enormous disruption of marine financing in the fishing industry. Fortunately, the Council recognized these problems and that proposal was withdrawn from further consideration at the January meeting.

Now, however, we understand that a new and related proposal in the form of a "License Retirement Program" is before the Council this week. Further consideration of one part of this plan would have an equally disruptive impact on the availability of marine financing in this industry. We urge the Council to exercise the same good judgment it demonstrated in rejecting the earlier proposal and delete this new one from further consideration at this week's meeting.

The basis of our concern is the "Option B" alternative in the "License Retirement Program" proposed by the Alaska Department of Fish and Game as part of its "Integrated Fisheries Rationalization Program" for the groundfish fishery. By its express terms this option would "permanently retire" groundfish licenses "as a result of bankruptcy proceedings or a Marshall's sale" involving the vessel for which the license was issued. A companion provision would result in the same disposition for quota shares.

Such a proposal would virtually destroy the value of the vessel as loan collateral, at the very moment it is needed most -- upon foreclosure. Not only would lenders be hurt, but every trade creditor that had extended credit to the vessel in the form of fuel or other supplies would also be left empty-handed. Sold without its license to fish would guarantee an auction price for the vessel so low that no one involved would benefit. You can be sure that under these circumstances credit in this fishery would become practically unavailable -- for supplies, for working capital or for vessel financing. Only those with the deepest pockets and with non-vessel collateral will survive.

Moreover, we seriously question whether the Council even has the legal authority to adopt such a scheme. This kind of proposal effectively re-writes the federal bankruptcy laws by depriving creditors of their right to foreclose since to exercise that right would destroy the principal value of the debtor's estate.

As proposed, Option B would also prevent fishing vessel owners from the protections of the bankruptcy laws by precluding their ability to reorganize under Chapter XI, a right available to all other businesses. Even the proposed "suboption" which would permanently retire licenses only where debts are "discharged" would be of little help since a very large percentage of all Chapter XI restructurings involve some kind of debt discharge as creditors settle their claims for less than 100 cents on the dollar in order to permit the workout and reorganization of the debtor.

No one recognizes the difficulties in the fishing industry more than the lending community. Dropping prices, declining demand, resource limitations and reallocations have all placed enormous stress on the fishing industry and have hurt almost everyone. And no one questions that a "rationalization program" is sorely needed. However, to do so at the expense of anyone who has ever extended credit to a vessel, as these provisions do, is anything but rational. Far from resolving problems in the industry, they will only create them for everyone. We strongly urge the Council not to include the Option B permanent license retirement program or the companion quota share provision in the Comprehensive Rationalization Planning analysis currently under consideration.

V.P.
National Bank of Alaska

Alaska Commercial Fishing
and Agriculture Bank (CFAB)

V.P.
Key Bank of Washington

V.P.
SeaFirst Bank

Farm Credit Services

April 15, 1994

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

Dear Chairman Lauber,

The following proposal is presented to the North Pacific Fishery Management Council on behalf of a unified group of vessel owners, including trawl, longline and pot interests. This position is unanimously endorsed by all members of UCB, IF^{3}Q and AFTA. As you are aware, our organizations have been working with the NPFMC since November 1992 to develop and implement an Individual Quota system. Over the past few months we have developed an industry-based proposal comprised of components of an ITQ system that directly address the severe problems present under existing fishery management policies.

Our goal: Expeditious implementation of an ITQ management system for the groundfish and crab fisheries of the North Pacific EEZ. An ITQ system is necessary because it maximizes the potential value per unit of fish, rather than the existing system or a license limitation system which both maximize the value of production per unit of time. The primary results of the ITQ system are a reduction in the overcapitalization of the fleet and processing capacity, termination of the "race for the fish", increase product yields, increase product quality and much safer operations with the expected savings of many lives at sea.

It is with these thoughts in mind that we submit to the Council an ITQ proposal composed of the following elements agreed upon by the members of UCB, IF^{3}Q and AFTA.

THE PROPOSAL

1. Establishment of an individual transferable quota system (ITQ) for the North Pacific groundfish and crab fisheries that includes all species and areas under current NPFMC FMPs.

2. The total allowable catch (TAC) level and guideline harvest level (GHL) for each species of fish and shellfish by management area will continue to be determined on an annual basis by the Secretary of Commerce with recommendations by the NPFMC.

3. Quota share holders are granted a harvest privilege, not a property right, under this proposal. Each person's quota share is expressed as a percentage of the annual overall quota, by species and management area.

4. Ownership and control of the resource remains in the public sector, though quota shares are marketable commodities. The ITQ program is of indefinite duration; however, the Secretary can terminate the ITQ program if it fails to achieve conservation and management objectives as set forth in the Magnuson Act. Also, the Secretary can revoke a person's privilege for cause after due process of law.

5. The program provides for the collection of user fees from quota share holders. A fee equal to four percent of the unprocessed value of each species of fish harvested will be assessed on quota share holders. Fees collected under this provision would fund administration of an ITQ program and the NMFS Observer Program, as well as certain enforcement and defined fishery research costs.

6. Fishing industry participants have agreed upon an alternative allocation option in addition to the ones already identified by the Council. This option would be based on a formula that utilizes a blend of historical catch and recent participation combined with a range of weights for DAP and JVP participation. The formula under consideration is as follows:

Percentage Quota Share = W1(Recent) + W2(Weighted DAP/JVP), where

W1 and W2	= percentage weights summing to 100%
Recent	= catch in 1991 - 1992
Weighted DAP:JVP	= 1982-92 catch with option a) 1:1 DAP:JVP Ratio option b) 2:1 DAP:JVP Ratio option c) 3.5:1 DAP:JVP Ratio

Industry representatives are continuing negotiations on this blended formula approach to come up with a proposal that will have broad support from all sectors of the industry.

7. Quota shares can be sold, leased, or otherwise transferred by a quota share holder. Options for restrictions on who may acquire quota shares should include the following:

Option A: QS not transferable across sectors (Catcher Vessel, Factory Trawler).

Option B: QS are freely transferable across industry sectors.

Option C: A limited percentage of QS are transferable across sectors.

8. There are no restrictions on the number of quota shares that any person can acquire, subject to compliance with federal anti-trust laws.

9. Analysis of an ITQ program should include review of the existing Community Development Program (CDQ), which sunsets in 1995. Options for analysis include the following:

Option A: No CDQ program.

Option B: CDQ program based on all groundfish and crab fisheries, the value of such program not to exceed a fixed value.

10. Consistent with current law, initial quota share allocations are to be assigned to fishermen. The analysis should consider an option allowing processors to purchase quota shares from fishermen. The analysis should also include determination of the number and fishing capacity of catcher vessels currently owned by processors and their future ownership of ITQs through existing CV ownership.

11. The analysis should consider an option whereby catcher vessel fish sales are guaranteed 75% to shoreplants and 25% available for sale anywhere if the catcher vessel receiving the quota shares was primarily a shoreside vessel in 1993. Similarly, the analysis should include options whereby catcher vessel fish sales are guaranteed 75% to motherships and 25% available for sale anywhere if the catcher vessel receiving the quota shares was primarily a mothership delivery vessel in 1993. Similarly, the analysis should include options whereby catcher vessel fish sales are guaranteed 75% to factory trawlers and 25% available for sale anywhere if the catcher vessel receiving the quota shares was primarily a factory trawler delivery vessel in 1993. The concept will provide a minimum shoreside delivery guarantee, a minimum mothership guarantee and a minimum factory trawler guarantee that equals 75% of present catcher vessel sales to their present market sector (this concept pertains just to pollock and cod).

Thank you for your consideration of putting ITQs back on the Council's agenda at the April 1994 meeting and your consideration of the components of an ITQ system as detailed above.

Sincerely,

Brent Paine & Steve Hughes
United Catcher Boats

Joe Blum
AFTA

Margaret Hall
IF3Q

INDEPENDENT FISHERMEN FOR FAIR QUOTAS
2442 Northwest Market Street #349
Seattle, Washington 98107
Phone (206) 782-0770
Fax (206) 391-8105

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

April 15, 1994

Dear Rick,

IF3Q continues to be a coalition of crabbers, trawlers, longliners, and motherships in favor of an ITQ program for all groundfish and crab species in the North Pacific. We request the Council to get on with the real work of studying, designing, and implementing ITQs.

Our basic principle has always been that ITQs are necessary for groundfish and for crab and that initial allocation should be based primarily on historic participation.

For every user group, there is a rationale for fishing privileges. Whether they are communities, shore plants, or any particular gear group, each asks for recognition based on their role in the North Pacific. Our claim is the most simple of all - the ones who developed and relied upon these fisheries are the ones who should have the opportunity to continue relying upon them, regardless of gear type or any other consideration.

Further, we think that as much as possible all species of groundfish and crab in all areas should be treated equitably in the initial allocation and in the provisions of use of ITQs - a "mutual fund" approach.

For every amount of effort invested into any area and species, an ITQ recipient should receive an equitable return compared to any other amount of effort invested into any other area or species. If regulations are gerrymandered fishery by fishery, a person who fished fishery A,B, and C every year and a person who fished fishery A one year, fishery B the next, and fishery C the next, with both boats having identical total production, could end up with completely

different allocations. A single formula for initial allocation and a single set of provisions of use should be implemented across the board for both crab and groundfish as much as possible. Exceptions to the rule should be examined fishery by fishery and included in the regulations only when absolutely necessary.

The two-step proposal by the State of Alaska for license limitation and then ITQs does not follow this principle in our opinion and is a disruptive method of proceeding. Our actions now should reflect the overall history of the fishing industry, not a pre-conceived notion of realigning that industry.

Further, that proposal's omission of crab ignores the diverse effort of many vessels who have been and continue to be both crabbers and trawlers. The fishing history of those boats should be given the same basic considerations for each species.

An ITQ plan should be designed from the ground up. Industry should generate the basic ideas and proposals in order that the plan reflect the realities of fishing and that every group has its say. For the past year, that is exactly what IF3Q has been doing.

Along with UCB and AFTA, we have designed a comprehensive proposal. Some details have yet to be finalized; but for the purposes of study by Council staff, every option is covered. We plan, as a group, to deliver this proposal to the Council at this April meeting.

I have been working as manager of IF3Q now for almost five months and realize the job of designing ITQs on this scale is daunting. Still, it remains clear that though difficult, the job is worth doing; it's our best chance to turn our current open-access fishing fiasco into a viable, sustainable industry.

My replacement at IF3Q while I go fishing April 18 will be Margaret Hall, our Treasurer. The board and members plan to continue as before to focus the attention of the ITQ discussion on sound, equitable principles. More than any other organization, we are diverse. Likewise, we are also the most focused, putting all of our attention into this issue. We urge you to accept our joint proposal as a basis for studying ITQs.

Sincerely,

Mark S. Lundsten, Director

Fax to North Pacific Fisheries Management Council - 907-271-2817
From dave fraser 44 30N 124 30W

From the land of the Hake derby:
To the Council Family:
"Ackthpt"

Well folks,

i just can't pass up the urge to make a few coments on this CRP business. While i can't be with you all for the first time in several years, like the ghost of Christmas past (or as Scrooge thought, a bad case of indigestion), my spirit haunts you.

License Limitation - The Ultimate Joke

If anyone thinks license limitation addresses the problem of a derby fishery, just monitor the west coast hake fishery. Though the quota is double that of last year, the length of the fishery isn't expected to be much more than double last years season (that is about 4 to 6 weeks to take @150,000 MT of hake). This, despite the fact that not a single factory trawler qualified for an "A" permit and despite a retroactive qualification window prior to 1989.. Instead, over 125 licenses (almost none of which had ever been used in a hake fishery) changed hands, to resurface, through the miracle or recombinate GLS, as factory trawl permits. The net result, no effort reduction, and possibly an increase. 'Nuff said?

The Mutual Fund Approach to Stocks

One of the great flaws of licences limitation is that like the old ditty "when you're in, you're in, and when you're out, you're out", but there is no half way in, you're either in or out. This presents a huge equity issue, (where one delivery at a critical point means the difference between getting or not getting a license) which often causes managers to balk at limiting licenses sufficiently to roll back excess effort. Under ITQ's the allocation can be stuctured so that everyone who has participated gets an allocation proportionate to their level of participation.

Because fishing is risky on so many levels, including both the volitility of price of fish products and the volitility of fish stocks themselves, many fishers have taken a 'mutual fund' approach. That is, they participate in fisheries for a variety of species or stocks of fish.

It is from this perspective that the description of the GLS is horrifying in it's proposal that "if more that one gear type or operation type was used vessel ***owner to choose one gear operation designation***". This is the equivelant of being told you can no longer invest your IRA in a mutual fund, that you must pick one stock from the fund and keep all assets invested in that single stock.

ITQ's - What Kind of Formula - History or Present Participation?

The tough part about ITQ's isn't convincing folks they make sense, it's overcoming their fears that they won't get any. And thus the stand off between the 'old timers' and the 'newtons'. Should an alloction be based on history or present participation? The MFCMA mandates consideration of both. As a "JV pioneer", i would benefit most from a formula based on history. However, if i had built a freezer longliner for delivery just as the moritorium passed, obviously i

would feel strongly that a snapshot is the way to go. And so there are plenty of advocates for the two different approaches, advocates who speak from the conviction of self interest.

There is another alternative that meets both parts of the MFCMA test, (though it is nobody's "best" formula) and avoids the "big winner/big loser" syndrome. It is a blended formula that is partially based on a long history window, and partially on a snapshot of the control date year - 1992. The concept surfaced in industry discusions aimed at finding a formula that would lead to consensus rather than confrontation.

While many variations are possible, I my humble and utterly unbiased opinion, a formula that gave about 1/4 weight to a snapshot (given the council's repeated warnings that history after various dates may not count) and 3/4 weight to history from the early '80's on, with double credit for DAP, is imminently fair and ought to be considered in the analysis. Again, this is not anyones best formula, (and thus may not garner immeditate support) but it is one with a measure of equity.

Dealing With the Skipper Question

Initial allocation to skippers compounds the intricacies of the allocation process, and gives vessel owners heartburn about skippers leaving with their quota and disrupting on going operations. However, skippers who have made career comittments of human capital to the groundfish and crab fisheries have a legitimate fear of their jobs disappearing when the desperately needed consolidation occurs after the allocation of ITQs.

In my opinion, the best solution to this problem, short of an up front alloction to skippers, is as follows: ***Prohibit the sale or lease of any quota shares, by species, by an initial recipient, until X% (10%?) has been transfered to a "bonafide" skipper (who would be required to be on board to utilize the shares).*** Ideally, vessel owners who are divesting quota shares (and thus impacting their skipper's job) would be altruistic enough to view themselves as trustees of their operations quota, and give the skipper the percentage. Some owners knowing they must ultimately sell a percentage to a bonafide skipper might realize it is in their own self interest to have their skipper buy into quota (so they have something at risk in the event of a violation), and make the opportunity to buy available on favourable terms. Other owners (who have yet to encounter the ghost of Christmas past) may say humbug, and demand market price for the quota. However, the market will be restricted to bonafide skippers and since these buyers won't be competing with corporate capital, the price should be more affordable for skippers in general.

Harvest Piority - The Matrix from Hell

Any quota share allocation based on future catches substitutes a race for the quota in place of a race for the fish, and is likely to escalate all that is bad about derby fishing. The harvest priority proposal attempts to turn this negative reality around by setting specific rules for the race that harness our greedy impulses by rewarding specific behaviour in the course of the race (the winner is the one who finishes first, but the amount of the prize is determined by having stopped along the way to help a specified number of llittle old ladies cross the street).

This requires a formula for a "Harvest Priority Multiplier" as proposed in the GLS package. However, the formula isn't quite as simple as it is described there (where $IFQ_{ix} = [Q_{ix}/TQ_x] \times TAC_x \times H_{ix}$).

The problem comes in the determination of H_{ix}, which is descibed as B_{px} / B_{ix}. This would work fine if there was only one PSC, however, we have halilbut, herring, salmon (two species of primary concern) and crab (three species of primary concern). As a result the determination of H_{ix} is a bit more complicated, and might better be expessed as follows:

$$H_{ix} = (((B_{hal} / B_{ihal}) \times W_1) + ((B_{sal1} / B_{isal\,1}) \times W_2) + (B_{sal2} / B_{isal2}) \times W_3) + ((B_{her} / B_{iher}) \times W_4) + ((B_{crab1} / B_{icrab1}) \times W_5) + ((B_{crab2} / B_{icrab21}) \times W_6) + ((B_{crab3} / B_{icrab3}) \times W_7)) / 7$$

where W is a weighting factor determined by the council on the relative importance of achieving a low bycatch rate by species. (ie: are halibut more sacred than opilio?). Even this formula may be too simple, since the Harvest Priority proposal also addresses utilization and the bycatch of non-PSC species as well.

While the intent of the Harvest Priority proposal is laudable, ITQs which include PSCs accomplish the intended goal (providing an effective incentive to minimizeds bycatch and maximise utilization) more efficiently. It is tempting to throw in a comment here about the power to set the values for each of the "W's" is the power to dertermine who gets the allocation of TAC, with a footnote about power corrupting, but who would have the patience to pursue such power? (Sometimes the perks of power just aren't worth the price.)

And Now for Something Completely Different

Well, folks it's time to haul back and attatch this files to the codend so the purser on the ship can print it out and fax it to the council office. Sorry that its a late comment. Hope someone finds it in the late comment book. Have a nice meeting.

dave fraser

PS.
Rick, if you read this and call me at 206-499-3974 (the boat phone) before the end of the meeting, i'll donate one ton of pollock ITQ to the shoreside processor of your choice.
Lisa, if you read this and call, i won't file a FOIA this month.
Clarence, i'd like to apply for a job writing arcane formulas that nobody reads.
Beth, oh come on, nobody in the AP reads stuff from the paper fairy.
Wally, if you call i won't accept the charges.

C-2 CRP

New Era of Alaska, Inc.
P.O. Box 3186
Homer, Ak 99603

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

Dear Sir,

I am writing in reguards to the BSAI crab fishery. We must think seriously about what we are planning to do with this fishery.

With group effort we are able to shut down or close seasons when the catch per unit gets to dangerously low levels and before overharvesting takes place. This is the only way to guarantee we will not overharvest the BSAI fishery.

In the 1970's it was overfished leading to devastation in the early 1980's with a total closure of the area.

We have lost crab biomasses to seriously low levels in South East, Prince William Sound, Cook Inlet, Kamishak Bay and Kodiak because of overharvesting. In Kachemak Bay alone we have not had a King crab opening in twelve years. It is illegal to even possess or take King crab for subsistence reasons because biomass levels are still seriously low from overharvesting in the late 70's and early 80's.

With the current system: group effort, pot limit and closing the season when catch per unit gets low, is the only way to guarantee the resource is not overfished. We must keep the current system and limit entry.

Any other kind of system thrown at you saying eliminating boats is the only answer, is wrong. We could eliminate 100 boats and still overharvest the resource if we change the current system.

In the last year alone, the fleet was shut down before overharvesting could take place. At the Pribilof Islands 1 million pounds short of projected harvest, at St. Matthew Island 2 million pounds short, and in Bristol Bay 2.2 million pounds short of the projected harvest. All because of the catch per unit getting low.

The marine survey or projected harvest guide line could be wrong or too high by millions of pounds. As you can see, overharvesting definately would have taken place if the current system wasn't used. With Individual Fishing Quotas, you won't have group effort and overharvesting could easily take place.

There is no way of telling exactly how many harvestable crab we have out there without group effort and shutting down the season when the catch per unit drops to low levels.

Please, lets think of the resource and what needs to be done rationally and without greedy or bias opinions getting in the way and do what is best for the resource. Limit entry and keep the current system!

Sincerely

Johnathan M. Hillstrand

Johnathan M. Hillstrand
Vice President
New Era of Alaska, Inc.

ALASKA WAVERIDERS
308 "G" Street, Suite 222, Anchorage, AK 99501
(907) 272-5534

April 20, 1994

North Pacific Fisheries Management Council
605 W. Fourth Avenue
Anchorage, AK 99501

Dear Council Members:

Alaska Waveriders is a coalition of fishermen and recreationists dedicated to the wise use of Alaska's marine waters and resources.

From San Diego to Dutch Harbor, Alaska Waveriders have quietly watched the methodical strip-mining of the North Pacific ecosystem by increasingly mechanized, capitalized, sophisticated, ravenous, and rapacious fleets. At the same time, Alaska Waveriders have noted precipitous declines in a number of species of fish, shellfish, seabirds and marine mammals. One would have to be incredibly naive not to think that there might possibly be a direct connection between these two alarming trends. And one would have to be incredibly irresponsible not to act as if this were indeed the case. This is why Alaska Waveriders supports the concept of Harvest Priority and urges the Council to do the same.

Given the billions of dollars invested in the fisheries, it is understandable that the Council would focus its efforts on how to save the industry. However, saving the industry is not the real issue--or at least is the wrong way to approach it. It is easy to forget that the fish industry does not operate on capitol, or bunker oil, or 21st Century management jargon, or administrative fiats. As we've learned the hard way elsewhere, the industry, instead, runs on and is utterly dependent upon the continued health and viability of fish stocks and their ecosystems.

In other words, like it or not, conserving the fish and their ecosystem is, in fact, the only approach that has a chance of saving the fishery. Full utilization, full retention, comprehensive rationalization, IFQ's,... these management techniques may do a number of things--but they beat around the fundamental bush, which is conserving fish stocks and marine ecosystems.

If the Council doesn't focus on Harvest Priority and other real conservation efforts, and soon, there will not be a North Pacific Fishery left to manage. Alaska Waveriders implore the Council to shift its focus, from industry conservation to resource

conservation. Of all the solutions advanced thus far, only Harvest Priority has any chance of saving the North Pacific fisheries from the fate that has already befallen the rest of North America's major marine fisheries.

Sincerely,

Mike Macy

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Version #1
April 18, 1994

HARVEST PRIORITY PARAMETER DECISIONS

IMPLEMENTATION

The NPFMC would appoint a group to work through individual fishery HP proposals to screen for applicability and ensure that the economic incentives are adequate (but not excessive) to cover additional costs and projected profit.

Option A: Appoint an industry work group specific for screening development of fishery proposed programs.

Option B: Utilize the current Advisory Panel for both the development screening and recommendation to the Council.

TYPES OF HARVEST PRIORITY "REWARD"

Option A: A portion of the TAC reserved for a second season.

Option B: A predetermined time allotment break in the season with only HP qualified participation in the second season.

Option C: An early start season for the following year.

Option D: Any of the above as most applicable to specific fishery.

AMOUNT OF HARVESTS PRIORITY "REWARD"

Option A: Limit amount of HP reserved TAC as percentage of TAC season.

Option B: Establish maximum amount of HP time as percentage of season.

Option C: Allow change in reserves dependent on number of tiers and percentage of fleet anticipated to qualify within the proposal. (Specific numbers or percentages for each option would be generated during Council analysis)

DEFINITION OF A FISHERY

The Council may wish to segregate the harvest by gear types or other specification (such as current onshore/offshore components) or combination of factors to prevent a HP system in one gear type for a species from impinging on the TAC of another component during start up and phase in of a clean fishing strategy.

Option A: Fishery definition would be delineated by gear type.

Option B: Fishery definition would be delineated by onshore/offshore components.

Option C: Fishery definition would be delineated by vessel size categories.

Option D: Fishery definition would be inclusive of all directed harvest of a specie complex.

DURATION OF INITIAL FISHERY DEFINITION

Option A: Fishery definitions sunset after specified length of time which allowed for each fishery to develop its base incentive driven bycatch rates. Fisheries than can compete for HP based on their conservation efficiency.

Option B: Fishery definitions are fixed with no anticipated future cross competition.

Option C: A combination of option A and B where the Council determines no reasonable HP option for a small fishery is available and it remains non-competitive against other components targeting the same species.

The details of Harvest Priority are outlined in previous documents submitted to the Council. However a few attributes of this incentive systems should be reiterated here.

1) It is voluntary

2) Its administration and enforcement costs are relatively low in comparison to other proposals on the table.
   - in design: fishermen will propose and provide supporting material
   - in enforcement: economic incentives motivate participation in the program; there are no regulatory punitive measures imposed for non-compliance.

3) It directly addresses the issue of by-catch and discard waste by concentrating efforts in not catching undesired fish in the first place; there will be a rapid reduction in such waste.

4) Confidentiality of data is not a problem since fishermen wishing to qualify will volunteer their verified data

5) As fishermen get better at avoiding bycatch they will propose sequentially lower bycatch rates to increase the competitive advantages

6) In small vessel fisheries where the observer costs of such a program could not be supported by additional fishing time, fishermen will not propose the system

GENERAL SYSTEM-WIDE ECONOMIC INCREASE, cont'd

EXAMPLE SCENARIOS

#[1] Bering Sea Trawl Fisheries

Tier #1: Priority reservation set at (40%) of the TAC. Target bycatch set at (30%) of the 1993 average bycatch rate. Estimated (75%) of the fishermen in these fisheries qualify for Harvest Priority reward of additional fishing opportunity.

Tier #2: Priority reservation is set at additional (20%) of the TAC. Target bycatch rate is set at (15%) of the 1993 average bycatch rate.

After (4) years of the program, (90%) of vessels qualify for Tier 1 and (30%) qualify for Tier 2.

After (5) years, all non-qualifying vessels (i.e. 10%) are no longer participating in these fisheries.

#[2] Bering Sea Crab Fisheries
Same conditions and variables as example #[1] above.

#[3] Bering Sea Longline Fisheries
Same conditions and variables as example #[2] above.

Additional, similar scenarios can be built around each specific fishery instead of all fisheries within a class (i.e. trawl cod, pot cod, etc.). Additional tiers may be apportioned, and different values can be substituted for particular variables.

QUESTIONS THAT NEED TO BE ANSWERED:

1. For the "economic discard" portion and non-target commercial species:
What was the value at the end of year 2, 4, and 10, of the previously discarded bycatch, now utilized under the scenario(s) for each TAC if harvested and utilized in the appropriate directed fishery or processed and utilized as co-target species?

a) assume average recovery rate

b) assume ( )% lower recovery rate for smaller fish size that compose (x) % of the "economic discard" catch

c) assume non-target sub-legal size would have average growth and (x)number of years before entrance into directed fisheries

As we see it, there are three major elements of determining a Harvest Priority qualification standard.

1. **Discarded bycatch per total catch ____%**

   Discards would include economic discards, non-commercial species bycatch, prohibited species and regulatory discards.
   This recognizes the reality of a mixed species fishery involving co-target catches.

   A minimum percent (15% for example) of the fish by weight must be used for human consumption, except surimi, otherwise it should be considered an economic discard for the purposes of Harvest Priority opportunities.

   a. Retained catch per total catch. _____.

      Simply the inverse calculation of the discarded bycatch - understands that a mixed bag of fish is not necessarily dirty fishing and that co-target species catch is desirable if it is retained for human consumption.

2. **The target species catch should constitute ____% of the total retained catch.**

   This maintains the focus of the fishing effort on the target species by requiring that a percentage of the retained catch is the intended target species.

3. **The prohibited species index**

   This index refers to the number of animals caught in a fishery per metric ton.

   For example, if 6 PSC species were identified, the PSC Index number to achieve is equal to or less than 6.0. This standard rate would be indexed to the numeric value of "1.0"per prohibited species. By-catch rates above or below X animals per metric ton would have an indexed value greater or less than 1.0.

For analysis purposes, we propose a participant should meet all three elements in order to qualify for harvest priority. Any unobserved harvest (tows or haul) should be calculated at a reference year average for the fleet.

YEL (w/bycatch)

Haul Number	153		Discard Rate (%)		10.74%		Retained TS per TRC		67.72%
Haul Weight	22.4		Total Retained Catch		89.26%		PSC Index		5.2
Species	TOTALS		DISCARDS				RETAINED		
	Total Weight	Total %	% of Species	Weight	% of Catch	Reason	Weight	Percent	
YEL	14.560	65.0	7	1.019	4.6	E	13.541	60.45	
ROC	3.360	15.0	15	0.504	2.3	E	2.856	12.75	
POL	1.792	8.0	15	0.269	1.2	E	1.523	6.80	
COD	1.028	4.6	5	0.051	0.2	E	0.977	4.36	
AKP	1.120	5.0	2	0.022	0.1	E	1.098	4.90	
OTH	0.403	1.8	100	0.403	1.8	E	0.000	0.00	
Disc	0.137	0.6	100	0.137	0.6	R	0.000	0.00	
	0.000			0.000	0.0		0.000	0.00	
TOTALS	22.400	100.0		2.406	10.7		19.994	89.26	
PSC	SET				AVERAGES (animals per metric ton)				
					Seasonal	Set	Weekly	Seasonal	
	Numbers	Weight (mt)	Percent	Ratio	Standard	Vessel	Vessel	Vessel	
CHIN	0	0.000	0.000	0.000	0.001	0.000			
HAL *	4	0.037	0.165	0.002	0.020	0.083			
OTC	352	0.043	0.192	15.714	13.780	1.140			
BTC	183	0.012	0.054	3.170	7.832	1.043			
KNG	63	0.043	0.192	2.813	2.540	1.107			
OSAL	1	0.002	0.009	0.045	0.025	1.786			
TOTALS	603	0.137	0.612			5.159	0	0	
* Halibut ratios based on weight per ton not in animal per ton									

NPFMC Statement of Comprehensive Fishery Management Goals 1984

GOAL 1:

CONSERVE AND MANAGE FISHERY RESOURCES OF THE REGION TO ASSURE LONG-TERM PRODUCTIVITY OF INDIGENOUS MARINE AND ANADROMOUS FISH STOCKS, MAINTENANCE OF HABITAT QUALITY AND QUANTITY, AND FULL CONSIDERATION FOR INTERACTIONS WITH OTHER ELEMENTS OF THE ECOSYSTEM.

GOAL 2:

ENSURE THAT THE PEOPLE OF THE UNITED STATES BENEFIT FROM OPTIMUM UTILIZATION OF THE NATION'S PUBLICLY-OWNED RESOURCES.

GOAL 3:

PROMOTE ECONOMIC STABILITY, GROWTH AND SELF-SUFFICIENCY IN MARITIME COMMUNITIES.

GOAL 4:

ACHIEVE OPTIMUM UTILIZATION BY THE U.S. FISHING INDUSTRY OF FISHERY RESOURCES IN THE FISHERY CONSERVATION ZONE OFF ALASKA.

GOAL 5:

MINIMIZE THE CATCH, MORTALITY, AND WASTE OF NON-TARGET SPECIES, AND REDUCE THE ADVERSE IMPACTS OF ONE FISHERY ON ANOTHER.

GOAL 6:

SUPPORT EFFORTS BY THE U.S. INDUSTRY TO DEVELOP NEW FISHERIES FOR UNDERUTILIZED SPECIES, WHILE MINIMIZING THE NEGATIVE IMPACTS ON EXISTING U.S. FISHERIES.

GOAL 7:

TO THE EXTENT CONSISTENT WITH OTHER COMPREHENSIVE GOALS PROMOTE THE ECONOMIC HEALTH OF THE DOMESTIC FISHING INDUSTRY: ENCOURAGE THE PROFITABLE DEVELOPMENT OF UNDERUTILIZED RESOURCES; DISCOURAGE UNNEEDED INVESTMENTS IN FISHERIES WITH EXCESS HARVESTING CAPACITY.

GOAL 8:

STRENGTHEN FISHERIES RESEARCH, DATA COLLECTION, AND ANALYSIS TO ENSURE A SOUND INFORMATION BASE FOR COUNCIL DECISIONS.

GOAL 9:

IMPROVE THE FLEXIBILITY, TIMELINESS AND EFFICIENCY OF FISHERY MANAGEMENT PLAN DEVELOPMENT, REVIEW AND IMPLEMENTATION PROCESSES.