

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke  
Executive Director

DATE: June 2, 1999

SUBJECT: BSAI Pacific Cod Fixed Gear Allocation

ESTIMATED TIME  
4 HOURS

**ACTION REQUIRED**

Initial review of EA/RIR/IRFA for release to public review.

**BACKGROUND**

In April the Council developed alternatives that would apportion the fixed gear BSAI Pacific cod allocation among freezer longliners, longline catcher vessels, and pot gear vessels (or all longline and pot vessels). The non-CDQ Pacific cod TAC in the BSAI is currently allocated 51 percent to fixed gear, 47 percent to trawl gear, and 2 percent to jig gear. Only the portion of the BSAI Pacific cod TAC that is allocated to fixed gear vessels is being considered as part of this amendment package.

Four alternatives (plus sub-options) are currently under consideration by the Council, in addition to the status quo. The options are based on various catch history combinations from the years 1995-98 (Table 1). While the Council only selected four main alternatives, it has the latitude to select any allocation percentage that falls within the range of the options being considered. For example, if the Council wanted to allocate 20 percent of the fixed gear quota to pot vessels and 80 percent to longline vessels, they would have that option available.

Table 1: Distribution of Pacific cod catch (in mt) within the fixed gear sector, excluding roll-over catch.

Options (Years)	Freezer Longliners			Longline Catcher Vessels			Pot		
	Vessels	Catch	%	Vessels	Catch	%	Vessels	Catch	%
#1: (96, 97)	44	197,490	79.2%	36	402	0.2%	129	51,541	20.7%
#2: (97, 98)	42	200,393	85.4%	26	234	0.1%	123	34,082	14.5%
#3: (96-98)	48	285,555	81.6%	42	421	0.1%	154	64,037	18.3%
#4: (95-98)	53	374,193	81.6%	59	1,182	0.3%	193	83,130	18.1%

Source: ADF&G Fishtickets and NMFS Blend data 1995-98.

If the catch that occurred because a portion of the trawl or jig gear allocation was rolled over to fixed gear vessels is included with the above figures, it will increase the longline vessel's percentage of historical catch by about 1 percent and decrease the pot vessel's percent of catch by the same amount. Both methods of calculating historical catch are included in the EA/RIR/IRFA.

Using the allocation percentages above, the 1999 TACs, and an ex-vessel price of \$0.30 per pound, the four alternatives would result in the following catches and revenues by sector. Selecting the two most recent years of complete data (option #2) would result in the pot vessels receiving the smallest allocation (9,946 mt). Option #1 would allocate pot vessels the largest allocation (14,152 mt). It is estimated that these allocations would result in the pot vessels generating \$6.6 and \$9.4 million in ex-vessel revenue, respectively. The longline fleet is expected to generate between \$36.9 and \$38.8 million annually under these options.

Table 2: Estimates of BSAI Pacific cod catch and revenue, based on 1999 TAC.

Options	Freezer Longliners			Longline Catcher Vessels			Pot		
	%	Catch	\$ Mil	%	Catch	\$ Mil	%	Catch	\$ Mil
#1: (96, 97)	79.2%	54,238	\$36.8	0.2%	110	\$0.07	20.7%	14,152	\$9.4
#2: (97, 98)	85.4%	58,485	\$38.7	0.1%	69	\$0.05	14.5%	9,946	\$6.6
#3: (96-98)	81.6%	55,882	\$37.0	0.1%	82	\$0.05	18.3%	12,536	\$8.3
#4: (95-98)	81.6%	55,903	\$37.0	0.3%	178	\$0.12	18.1%	12,419	\$8.2

Assumptions: Price of \$0.30 per pound for all sectors and the 1999 TACs continued into the future.

Future roll-overs of jig or trawl apportionments would be allocated by the same formula used to divide the fixed gear Pacific cod quota. Which means if the fixed gear allocation was divided using option #1, then any roll-overs would also be allocated 79.2 percent to freezer longliners, 0.2 percent to longline catcher vessels, and 20.7 percent to pot vessels.

The Council also included a provision stating that during each year an allocation of Pacific cod between the components of the fixed gear sector that is under Council consideration is not implemented, the Council would, at the time it adopts final groundfish specifications in December of the prior year, apportion 10 percent of the BSAI Pacific cod fixed gear TAC to the second trimester, and apportion no halibut PSC to the second trimester. This provision would allow only pot vessels to target Pacific cod in the second trimester of the year.

Information that is currently available on the 1999 fishery has also been included in the document, but the Council has noticed members of industry that catch from that year would not count towards the allocation. Excluding 1999 from the catch history calculations is expected to discourage fishermen from increasing their effort in the Pacific cod fishery, in an effort to improve their personal or their sector's catch history. Also using a partial year's catch in this analysis may lead to misleading results, since longline vessels harvest a greater percentage of their catch in the early part of the year when compared to pot gear vessels.

If this document is deemed adequate for public review, a final decision on this amendment package will be scheduled for the October Council meeting in Seattle. At that same meeting an initial review of the follow-up amendment to limit the number of vessels eligible to participate in the BSAI cod fishery is also expected to be available. The options to be included in that amendment package were provided to the staff by the Council at the April meeting.

FISHING

**OBSESSION FISHERIES L.L.C.  
PACIFIC MIST FISHERIES L.L.C.**

CHARTERS

P.O. Box 1732 Kodiak, AK 99615

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

June 1, 1999

Dear Chairman Lauber,

My name is Jeff Steele. I would like to comment on the gear split for the BSAI fixed gear cod fishery. I own and operate 2 fishing vessels that participate in several BSAI and GOA fisheries, including the BSAI crab fisheries, the BSAI halibut fishery and the BSAI pot cod fishery. I also own a local cafe, a crab and cod pot fabrication business, and a warehouse and storage facility in Kodiak.

I do not think that the Council should split the fixed gear cod fishery between pots and factory longlines. A comprehensive rationalization plan has not been looked into enough so as to investigate all of the consequences that will result from the gear split. If overcapitalization is the issue, then the recent participation requirements should be looked into and resolved first. The Council is moving too fast with this gear split.

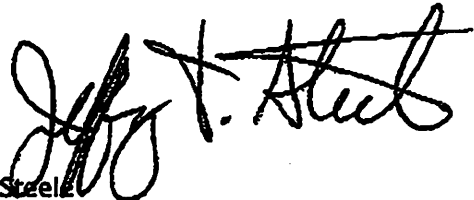
I do not think that the gear split is necessary, and that pots and factory longlines should have equal access to the TAC for fixed gear.

Why should pot gear type be limited to 20% of the fixed gear TAC, and why should the factory longliners be given 80% of the fixed gear TAC? This gear split is being based on a very limited historical basis.

Pot boats should have an opportunity to harvest the cod in an equitable manner with longline gear. Pot gear is a lot cleaner, has less bycatch, and provides the pot fleet with an alternative source of income which will become very important in the next few years. As the market for cod improves, and the opilio fishery quotas are greatly reduced, the pot fishery for cod will provide us with a means of income to support our businesses and families. I understand that a portion of the factory longline fleet has foreign ownership or control. The pot fleet is mainly comprised of local Alaskan-based and Seattle-based ownership and control.

I would like you to reconsider your fast track proposal for the gear split, and leave the 51% allocation for the fixed gear sector intact. I think that the Council should focus on developing and evaluating a good comprehensive rationalization plan for the industry. This would mainly revolve around limiting participation and dealing with overcapitalization issues.

Sincerely,



Jeffrey T. Steele

Owner/Operator

F/V Pacific Mist (86' LOA)  
F/V Obsession (107' LOA)  
voice: 907-487-2248/fax: 907-487-2515

**RECEIVED**

JUN - 1 1999

N.P.F.M.C

FISHING

**OBSESSION FISHERIES L.L.C.  
PACIFIC MIST FISHERIES L.L.C.**

CHARTERS

P.O. Box 1732 Kodiak, AK 99615

June 1, 1999

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

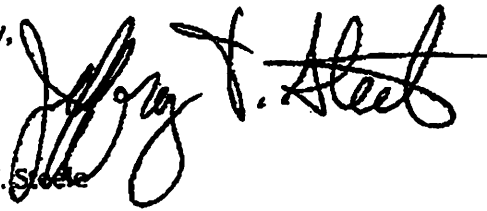
Dear Chairman Lauber,

My name is Jeff Steele. I would like to comment on the gear split for the BSAI fixed gear cod fishery. I own and operate 2 fishing vessels that participate in several BSAI and GOA fisheries, including the BSAI crab fisheries, the BSAI halibut fishery and the BSAI pot cod fishery. I also own a local cafe, a crab and cod pot fabrication business, and a warehouse and storage facility in Kodiak.

I would like to comment on the development of species/gear endorsements for BSAI pacific cod under LLP. I took note from your April 30, 1999 Newsletter that this issue would be brought up for discussion in October. I think that the Council should focus on developing a good comprehensive rationalization plan that revolves around limiting participation in the fixed gear sector. There is no precedent set that I know of for using poundage as a guideline for a license or endorsement. However, a minimum number of deliveries has been used as a guideline for a license or endorsement. The Council should include another minimum landing requirement option for a minimum number of deliveries, instead of poundage, for example, I recommend that at least 2 deliveries in any one year from 1995 to 1998 be required.

I would recommend to the Council that it makes sense that overcapitalization should be dealt with first and foremost. The Council should first deal with the number of participants, rather than dealing with a gear split between pots and factory longliners.

Sincerely,



Jeffrey T. Steele

Owner/Operator

F/V Pacific Mist (86' LOA)  
F/V Obsession (107' LOA)  
voice: 907-487-2248/fax: 907-487-2515

RECEIVED  
JUN - 1 1999  
N.P.F.M.C

## Fixed Gear Cod-Split Notes

Gary Painter

1. The moratorium and license limitation process, thus far, has resulted in more licensees than what are needed for all fisheries. Especially in the pot sector, there is no reason to believe that will change in a cod-split.
2. You **cannot** separate the split (allocation) from the licensing process. The ramification of a split is unknown, unless it is taken in concert with a license limitation program, and the resultant analysis is available for review.
3. Don't be misled, this is not about status quo for all fixed gear. This would most likely result in the serious pot cod boats ending up with much more competition.
4. I am for a split. I am for stabilization of the fishery. I'm not asking for inclusion nor exclusion of any particular boats, I'm asking to tie the allocation and the licensing together, and to do it fairly.
5. With relatively large numbers of pot boats receiving endorsements, the only fair way to do this is to have a sliding scale. I have attached a spreadsheet showing a fair way to figure the allocation of the fishery.
6. If the Council chooses to limit the endorsements in the fixed gear cod fishery, the sliding scale could be as suggested. (80/20) If, as I suspicion, the number of pot endorsements is high, the sliding scale would make it fair.

Additionally:

1. Pot gear is a more environmentally sensitive manner in which to catch cod.
2. Almost all pot boats deliver on shore, and pay a landing tax. Almost all longliners do not.

The Council is being asked to give **40** (or less) longliners 80% of the fixed-gear quota, where the vast majority will pay no state fish tax, and give **100** (or more) pot boats 20% of the quota, when that sector can harvest the catch more cleanly? **Something is wrong with this picture!**

Comment	Amount	Comment	Amount
Pot quota in per cent		<b>Fixed gear quota =</b>	100
If the avg. no. of serious pot gear boats fishing over the last few years is	17.5	Pot quota in amount	17.5
	42	then a share is equal to	0.4166667
Longline quota in per cent			
If the avg. no. of serious fixed gear boats fishing over the last few years is	82.5	Longline quota in amount	82.5
	37	then a share is equal to	2.2297297
Ratio:Hooks / pots			
			5.3513514
<b>Fixed gear quota</b>			
			100
Pot quota			
If the no. of LLP licenses given out is	29.34	Pot quota in amount	29.34
	100	then a share is equal to	0.2934
Longline quota			
If the no. of LLP licenses given out is	70.66	Longline quota in amount	70.66
	45	then a share is equal to	1.5702222
Ratio:Hooks / pots			
			5.351814

Charles "Jack" Hill  
PO Box 69  
Kodiak, AK 99615  
907-486-4289

June 13, 1999

Richard Lauber  
Chairman  
North Pacific Fishery Management Council

Dear Mr. Chairman,

My name is Charles Hill, and I have a 90' combination vessel (F/V Ruff & Reddy) that fishes for p. cod in the Gulf of Alaska and sometimes in the Bering Sea. In fact, we started fishing p. cod with pots in 1990.

I don't understand why one segment of the fixed gear fleet think that they should have approximately 80% of the Bering Sea cod quota. I also do not see how they deserve it. 20% is not enough to support the pot fleet.

Pot fishing for cod is clean, has a very low bycatch, and pot boats mainly deliver to shore-based processors and are mostly American owned. I have questions about the percentage of foreign ownership of the freezer longline fleet.

If freezer longliners get 80% of the Bering Sea cod quota, the pot boats will want limited access to protect themselves, and that will have a tremendous trickle down affect to the coastal communities.

Why is the Council going for this allocation to the freezer longliners? The stocks are protected by quotas. So, the only reason for this gear split has to be for economic protection for a very few boats from the overall fleet of p. cod boats.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Hill", written over a horizontal line.

Charles "Jack" Hill

C-3  
6/99

Richard Lauber, Chairman  
North Pacific Fisheries Management Council  
605 West 4th Avenue, Suite 306  
Anchorage, Alaska 99501

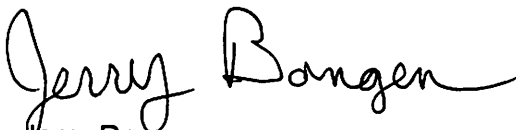
Dear Chairman Lauber,

This correspondence regards my concerns of upcoming BSAI cod fixed gear allocation and species / gear endorsement issues before the Council. I urge the Council to consider simultaneously the fixed gear allocation and species / gear endorsements, for a fair and orderly transition from the present management system.

Since 1992, I have been an owner / operator of a pot fishing vessel that has depended upon the BSAI cod fishery for a substantial amount of its yearly income. Twice already we have seen speculative effort in this fishery in anticipation of restrictions being implemented (1995, 1999). This practice is highly unfair and disruptive for the serious cod fishermen who depend on this fishery for a substantial portion of their income. This also adversely affects the fishermen who are directly responsible for the production that is used as the basis to determine the fixed gear allocation.

Without species / gear endorsements as an integral and concurrent part of any BSAI allocation plan, the traditional pot cod fleet would operate under a management plan that is unfavorable compared to present. A fixed gear allocation without restricted access leaves the pot fishery unprofitable for all participants. I urge you to please consider the above points and would gladly discuss any input or questions you may have.

Yours respectfully,



Jerry Bongen  
PO Box 3523  
Kodiak, Alaska 99615  
907 486 6245  
907 486 1959 fx