

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver *Chris*
Executive Director

DATE: November 25, 2002

SUBJECT: GOA Groundfish Rationalization

ESTIMATED TIME
4 HOURS

ACTION REQUIRED

- (a) Receive final scoping report
- (b) Receive report from GOA Work Group

BACKGROUND

On May 29, 2002, NMFS initiated public scoping for the SEIS on the Council's initiative to rationalize the Gulf of Alaska groundfish fisheries. NMFS staff has completed the public scoping report, which summarizes comments received at eight public hearings and written comments received through November 15, 2002. Approximately 113 individuals participated in the public scoping hearings and 17 written comments were submitted. The scoping report is attached as Item C-2(a). Copies of the written comments are available from staff.

In February 2002, the Council formed a third committee since 1999 to address rationalizing the GOA groundfish fisheries. The GOA Working Group was appointed to provide a more focused discussion and recommendations to the Council. It met in March, May, September, October and November 2002. The Committee discussed a range of issues, reviewed fishery harvest data, revised the previously adopted problem statement, and recommended the initiation of an SEIS for a proposed rationalization action. The Council adopted the committee's revised problem statement and recommendation to initiate an SEIS.

In October, the committee reported on its recommendations for the range of alternatives for analysis (Item C-2(b)). At its most recent meeting on November 25-26, 2002, the committee completed its task of developing a suite of elements and options for analysis. The minutes from its November meeting and the suite of elements and options will be distributed during the meeting.

In November, the committee also made the following recommendations:

- (1) The committee recognizes that the Council does not have sufficient time allocated at this meeting to receive the scoping report, committee report, staff review of the broad range of elements and options, and Advisory Panel and public recommendations to recommend the final suite of alternatives, elements and options for analysis. Therefore, the committee recommends that the Council take the staff reports at this meeting but defer action until its February 2003 meeting. The committee recommends that the Council request that staff prepare a discussion paper on the committee's draft list of issues for a more detailed review and action at that time. This will also offer additional public review of the committee recommendations, which will be distributed at this meeting.

The discussion will be qualitative in nature and highlight the following issues:

- (a) elements and options that may be difficult or time-consuming to analyze due to data limitations;
 - (b) elements and options that may provide limited insight or flexibility relative to the work required to analyze the particular option or a similar option;
 - (c) elements and options supported by the body of scoping comments;
 - (d) administrative requirements and/or outstanding legal concerns with the community elements and options;
 - (e) elements and options that need further clarification before initial analysis could commence, and
 - (f) ways to streamline the elements and option to reduce workload and/or better illuminate the decision points.
- (2) The committee recommends that the Council formally request a legal discussion from NOAA General Counsel of Community Territorial Use Rights In Fisheries (TURFs) and other potential legal problems that could affect the ability to adopt a regionalization program in the GOA from NOAA General Counsel. This legal guidance could be provided in the staff discussion paper requested for February or delivered separately.
- (3) The committee recommends that the Council direct staff to prepare a discussion paper to describe processes currently underway to address bycatch of salmon, crab and herring and other forage fish species (including FMP amendments and PSEIS options for crab bycatch). The paper should: (1) provide timelines for those studies and how they relate to the GOA rationalization analytical timeline; and (2) describe fishery, survey, and habitat data sources that will be used. Based on the recommendations in the paper, the Council would determine if: (1) existing processes are sufficient or if some measures need to be more closely linked to rationalization decisions, and (2) if other or additional management approaches are appropriate to include in a rationalized fishery in a trailing amendment.

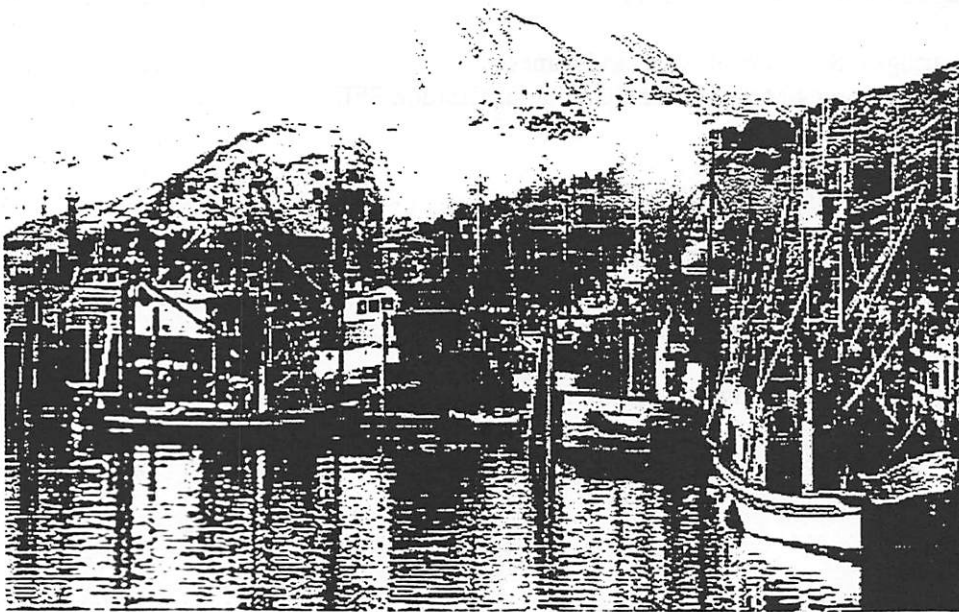
Public Scoping Report

**Supplemental Environmental Impact Statement
Gulf of Alaska Rationalization**

Presentation to the North Pacific Fishery Management Council

December 2002

Presented by NMFS Alaska Region Staff



Kodiak Harbor. NMFS

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Overview

This report summarizes public comments received through the public scoping process for the Supplemental Environmental Impact Statement (SEIS) on Gulf of Alaska (GOA) rationalization of the groundfish fisheries. It also provides background information on the SEIS and Public Scoping Process. On May 29, 2002 NMFS initiated public scoping for the SEIS. The Council and NMFS accepted public scoping comments on this proposed action through November 15, 2002. The Council and NMFS held a series of eight public scoping meetings to gather additional information from August through October in Anchorage, Cordova, Homer, King Cove, Kodiak, Petersburg, Sand Point, and Seattle. The Council and NMFS advertised the meeting locations, announced them in the Federal Register, and provided the public with background documents at each of the scoping hearings and made them available through the NMFS website. The public was invited to provide comments on the need for action, scope, range of alternatives, and issues that should be addressed in GOA Rationalization SEIS.

Summary of Public Scoping Comments

Approximately 113 individuals participated in the public scoping hearings, and 17 written comments were submitted to NMFS. A more detailed description of the public scoping documents is available in the **Public Scoping Hearing Summaries** appendix later in this document. Written comments are briefly summarized in this section. Copies of the comments are available from the Briefly summarized, the comments received addressed the following key issues.

Proposed Action:

Most commenters agreed that changes in the management of GOA groundfish fisheries were necessary. There was varying support for specific management measures, but very limited support for maintaining the existing management structure. Many participants suggested that rationalization of the fisheries was necessary. This view was most strongly voiced during the Seattle and Kodiak public hearings. At the King Cove and Sand Point public hearings there was limited support for broadly changing existing management. There was limited support for changing management of groundfish fisheries within Southeast Alaska at the Petersburg public hearing. Fifteen of the written comments supported some form of modification, specifically rationalization. One comment was neutral on the specific approach but supported some changes to the management structure. One comment opposed rationalization but supported modifying the existing management system.

Scope:

The comments favored rationalization for all groundfish fisheries in the Gulf of Alaska West of 140 degrees W. longitude. There was no clearly expressed interest in rationalizing groundfish fisheries East of 140 degrees, also known as the Southeast Outside (SEO) management area during any of the public hearing or in any of the written comments. Most commenters at the public hearings supported rationalizing all groundfish fisheries. Some commenters at the public hearings felt that only "target" species should be considered in the rationalization of groundfish fisheries. There were mixed views on how to address the management of non-target or non-FMP species, though there appears to be some support for placing those species on bycatch only status, or requiring those species to be placed in the FMP before harvesting would be allowed. Some commenters at the public hearings suggested that "underutilized" species those species for which the TAC has not been historically taken—could be

divided into rationalized and open-access, or limited entry fisheries. Others suggested that these species should be fully rationalized. Generally, there was concern in some of the communities, particularly Sand Point, King Cove, and Cordova that underutilized species should be available to participants who may not have had catch history in those species. In Sand Point and King Cove, Cordova, and to a more limited extent in Kodiak, there was some support for different management approaches in different management areas of the GOA. There was less support, or some opposition to this approach in several of the other communities such as Homer, Petersburg, and Seattle. Most written comments supported incorporating all species West of 140 degrees longitude in a rationalization program. One comment opposed rationalization in general.

Alternatives:

During the public hearings, and in the draft public scoping documents, NMFS and Council staff reviewed some of the potential alternatives that have been suggested, including: rights-based management programs such as individual fishing quotas (IFQs); cooperatives similar to those established under the AFA; "two-pie" management with linked IFQ and individual processor quota shares (IPQs), and mechanisms that might regionalize the catch of groundfish species. The staff also reviewed potential modifications to the license limitation program (LLP), and status quo management. While the public did provide input on the specific elements of these alternatives, they did not indicate that there were additional alternatives that should be considered. Several of the written comments and the elements and options produced by the Council's GOA Work Group committee provided specific detail on the rationalization and LLP alternatives.

Support for a rights-based management alternative was strongest at the Seattle, Kodiak, and Homer public hearings. In Seattle and Kodiak support was strongest for some form of cooperative management alternative. There was greater support for a "one-pie" or harvester cooperative than a "two-pie" cooperative. In Homer most of the support was for an IFQ management alternative. In Petersburg, those participating favored cooperative management outside of the SEO regulatory area. At the Cordova meeting, there was support for some form of regional allocation alternative to communities in Prince William Sound, but not necessarily through IFQ or cooperative management. There was little support for a rationalization alternative in Sand Point or King Cove, and concern about the potential adverse effects of rationalization expressed during the Anchorage public scoping meeting. Participants in King Cove supported minor changes in the LLP to eliminate latent licenses and limit harvests by larger vessels. Participants in Sand Point supported measures that would establish a "fair start" provision for all size classes of vessels in the Pacific cod fishery in the Western GOA management area. This was seen as a more immediate concern than rationalizing the fisheries. There was limited support for an IFQ rationalization alternative.

Cooperative management was the most frequently supported of the rationalization alternatives. Most public commenters supported this alternative because it was generally perceived that this alternative would provide the greatest flexibility to address management needs and avoid potentially limiting allocations of small blocks of QS to individual vessels. In particular, this issue and support for cooperatives was presented by C/P representatives in Petersburg and Seattle. Participants in Kodiak supported this approach partially based on experiences under the American Fisheries Act (AFA).

There was generally strong opposition to the "two-pie" alternative. Most opposition centered around concerns that "two-pie" management would undermine the negotiating position of fishermen for prices, and limit the ability to develop alternative processing markets, particularly smaller value-added

operations. Generally, the limited support for this alternative came from processor representatives. Opposition was strongest in Sand Point, King Cove, Homer, and Anchorage. There was a general lack of support for this alternative in Petersburg. There was limited support for a "two-pie" alternative in Kodiak, but a more general concern that processors be considered in a rationalization approach without specifying the mechanism that should be used. There was also limited support for "two-pie" management in Cordova, but only for pollock. The majority of participants in Seattle opposed the "two-pie" alternative, or expressed concern about the adequacy of past economic analyses assessing the impacts of this alternative. Others were more supportive and advocated the use of "two-pie" management as a means to incorporate the economic interests of processors.

Written comments were mixed on the use of "two-pie." Several comments noted that historical processors should be recognized either by creating a closed class of processors in a cooperative, awarding IPQ, or creating regional landing requirements. One processor opposed IPQs due to concerns about the ability of smaller processors to effectively compete with larger more well-established companies on the market. One commenter noted that rationalizing both harvesting and processing will maximize the potential value of fishery resources.

The public held numerous opinions about incorporating community concerns in a rationalization program. Comments during the public hearing in Cordova advocated establishing a regional TAC for use by communities in Prince William Sound. Tribal representatives in Anchorage supported allocations of QS directly to tribal governments if a rationalization alternative is selected. However, in most other public hearings there was limited support for direct allocations to communities. Commenters in Homer, Kodiak, and Petersburg voiced limited support for community allocations. Some noted that cod and pollock are perishable products and are not likely to undergo the same shifts in markets as observed in the halibut and sablefish fishery and would not require separate community allocations. Others were opposed to the creation of a CDQ-like programs or community allocations in the GOA citing concerns about reallocating resources and the administrative costs of such programs. Generally, commenters were concerned that community allocations are not efficient use of resources where local fishermen participate in nearshore fisheries. One commenter in Petersburg suggested reallocation or modification to the State water Pacific cod fishery could address some of these concerns. Similar concerns were raised in public comments in Sand Point, but there was support for the allocation of community quota shares to communities of underutilized rockfish and flatfish to provide some protection or mechanism for participation for those communities that have not participated in the past. In Seattle, the public was generally opposed to community allocations. Representatives of the C/P fleet opposed their incorporation into a community allocation citing the inshore/offshore Pacific cod as an adequate reallocation. There was some support for the Canadian Groundfish Development Authority as an example of allocating QS to communities and considering a direct allocation to communities or a regional landing requirement. Commenters in King Cove suggested a portion of the TAC or quota share could be allocated to communities. Individuals indicated that this could be accomplished by allocating to vessels less than 58 feet length overall (LOA) and allow those vessels to then participate under open access.

Written commenters were generally opposed to the allocation of community QS. Several commenters were supportive of regional landing requirements as a means to address community concerns. However, several commenters noted that direct allocations would harm existing fishermen, be too small to economically fish, and would not benefit communities. One commenter provided several potential mechanisms for allocating community QS and supported these measures to address National Standard #8 in the Magnuson-Stevens Act which addresses communities.

There was little support for modifying the LLP during the public hearings. Commenters in King Cove did support this option to the extent that it could limit harvests of larger vessels in state waters during the federal fishery the parallel fishery. Some comments received during the Sand Point hearing suggested that removing "latent" licenses from the LLP, would address several concerns about limiting new entry into the fisheries. Generally, however, comments received during the rest of the public hearings asserted that modifying the LLP would not address the long-term concerns of the fishery and would not improve the ability of existing operators to remain competitive. Commenters in Cordova noted that most vessels participated in the parallel fishery without an LLP and opposed additional restrictions that would limit them from future participation.

Written commenters also indicated limited support for modifying the LLP. There was some support for modifying the LLP from the freezer-longline C/P sector as an alternative for that sector of the fishery in written comments received. One commenter noted that modifying the LLP would not require additional legislative changes that a rationalization program might require.

Issues:

Key issues raised by the public included the following. The issue that was raised fairly consistently for additional analysis was the need to address management of the parallel fishery and how any rationalization or LLP modification alternative would be incorporated into state management of these waters.

Throughout the public meetings and in several of the written comments, the public expressed concern that GOA rationalization proceed rapidly. Numerous individuals advocated proceeding quickly with rationalization to address current problems in the groundfish fishery.

Several commenters in public meetings in Homer, Anchorage, and Seattle and written commenters advocated an expanded analysis of the potential effects of "two-pie" management and expressed concern about the analytical approach used in the Crab Rationalization EIS to assess the economic impacts of PQS allocation.

Representatives from the C/P sector presented concerns in the Petersburg and Seattle meeting that the C/P sector needs to be more fully integrated into the analytical process and that rationalization for this sector may differ substantially from the shoreside sector.

Individuals at the Homer and Seattle meeting and one written comment requested an analysis of the effects of modifying the fee structure, and coverage requirements for observers if a rationalization program was developed. There was a more specific request to examine expanding cost recovery to a broader portion of the fleet.

Background to the Initiation of the SEIS Process

Over the past three years, the North Pacific Fishery Management Council (Council) has discussed various policies and management measures that would increase the economic efficiency of the GOA groundfish fisheries. The Council began considering these new management policies at the request of the GOA groundfish industry to address its increasing concerns about the economic stability of the fisheries. Some of these concerns include changing market opportunities and stock abundance, increasing concern about the long-term economic health of fishing dependent communities, and the limited ability of the fishing industry to respond to environmental concerns under the existing management regime. Fisheries conducted under such policies generally are considered more "rational" than other fisheries because capital investment in "rationalized" fisheries tends to be in balance with the amount of fish that can be conservatively harvested. Rationalization is typically accomplished through the establishment of transferable harvesting privileges or other market-based systems for allocating fishery resources. Rationalization may provide additional opportunities to modify fishing operations to respond to environmental concerns and reduce the incentive to fish during unsafe conditions.

These initial discussions to "rationalize" the GOA groundfish fisheries did not result in the Council initiating a formal analysis to consider changes to rationalize GOA groundfish. At its April, 2002 meeting, the Council directed the National Marine Fisheries Service (NMFS), Alaska Region to initiate an SEIS that would examine the GOA groundfish fisheries authorized under the FMP, the extent of the action, the range of alternatives that may improve the economic stability to the various participants in the fishery, and the types of impacts that rationalization may have. During this meeting the Council also adopted a Problem Statement and Objectives for Gulf Rationalization (see Future Action section for more detail). The Council requested NMFS to proceed with an SEIS. The National Environmental Policy Act (NEPA) requires the preparation of an EIS if a proposed federal action has the potential to significantly affect the quality of the human environment. The human environment includes the natural and physical environment and the relationship of people with that environment. Because rationalization is intended to dramatically change the economic conditions of Gulf fisheries it would be expected to have significant impacts, presumably beneficial, on the economic and social conditions in the human environment.

On May 29, 2002, a notice of intent (NOI) to prepare an SEIS was published in the Federal Register. This notice informed the public that the Council and NMFS will conduct an SEIS to examine the potential scope, alternatives, and effects of this proposed action. The NOI also began the formal public scoping process. Public scoping is designed to solicit input from the public at an early stage in the SEIS process to help NMFS and the Council determine the issues of concern and the appropriate range of alternatives in the SEIS.

Initiating the SEIS

During the Council's April 2002, NMFS staff presented the Council with a brief summary as to why it may be appropriate to initiate an SEIS for GOA rationalization. Specifically, NMFS staff noted that over the past 3 years, the Council dedicated considerable time and energy to the discussion of Gulf Rationalization. This included the Council approving a Problem Statement, a Vision Statement, the formation of three separate committees, and at least 2 sets of "control dates" for determining eligibility for the inclusion of catch history in any future program.

All of these actions indicated that the Council believes that there is a purpose and need to consider actions that may result in the rationalization of Gulf of Alaska groundfish fisheries. Simply, this series of actions indicate that the Council proposes to take some action on Gulf rationalization. The particular form and content of this action has not yet been determined. The formal request by the Council in April 2002, to publish a notice of intent to prepare an SEIS served as an indication that the Council wished to initiate the formal NEPA process to analyze the potential effects of GOA rationalization.

Supplemental Environmental Impact Statement vs. Environmental Assessment

The presentation by NMFS staff at the Council's April 2002, meeting recommended proceeding with an SEIS rather than conducting an environmental assessment (EA) to determine if an SEIS is necessary. An EA may be prepared first to determine if a proposed action is likely "to significantly affect the human environment (40 CFR 1508.27)." Based on the initial discussions of the possible approaches to rationalization, it appeared likely that rationalization could significantly affect the human environment. In particular, rationalization is likely to result in the following changes to the existing management regime:

1. "affects public health and safety (1508.27(b)(2))"

A rationalization program would alter the means, methods, and timing of fishing which could affect safety. Other rationalization programs have had an effect on human safety and there is a likelihood it could occur in this case.

2. "the effects on the quality of the human environment are likely to be highly controversial (1508.27(b)(4))."

There has already been considerable controversy over this issue (e.g., "one-pie" vs. "two-pie" cooperatives) and there has been considerable controversy over past rationalization programs (e.g., IFQ Program, AFA, and the ongoing crab rationalization efforts).

3. "the possible effects on the human environment are highly uncertain or involve unique or unknown risks (1508.27(b)(5))."

It is not clear what effects rationalization may have. These effects may be similar to other rationalization programs. However, depending on the particular program developed the effects on the human environment could be significantly different from past rationalization programs. Numerous fisheries would be affected by this action and the potential direct, indirect, and cumulative effects of rationalization are unknown at this time.

Because rationalization is intended to dramatically change the economic conditions of Gulf fisheries it would be expected to have significant impacts, presumably beneficial, on the economic and social conditions in the human environment. At this time, it is reasonable to assume that a rationalization program may have effects on the physical as well as the social and economic components of the human environment. In any case, these potential effects are uncertain, and it is difficult to conclude that this action would not have a significant impact on the economic, social, and physical components of the human environment.

4. "Environmental impact statements may be prepared, and are sometimes required, for broad Federal actions such as the adoption of new agency programs or regulations. Agencies shall prepare statements on broad actions so that they are relevant to policy and are timed to coincide with meaningful points in agency planning and decisionmaking (1502.4)."

Rationalization could completely change the existing management regime for GOA groundfish. It would likely represent the adoption of new agency programs and regulations. Rationalization would represent a new management tool that is expected to improve the ability of the industry and NMFS to meet existing conservation management goals, and may provide the ability to establish new management measures for conservation.

Based on these factors, NMFS staff recommended and the Council agreed that preparation of an EA would likely result in a finding that rationalization could result in the need to prepare an SEIS. Initiating an SEIS would avoid the potential of producing two analytical documents. Additionally the SEIS process provides a formal opportunity for public scoping to

The Public Scoping Process

Public Scoping officially began with the publication of the NOI on May 29, 2002 and the request for written comments. The Council on Environmental Quality (CEQ) NEPA Regulations require that public scoping process meet certain requirements. Efforts made to meet these requirements include:

Invite affected federal, state, and local agencies, Indian tribes, project proponents, and other interested persons to participate in the EIS process.

NMFS published the NOI and requested written comments. Additionally, NMFS and Council staff conducted eight public hearings throughout Alaska, and Seattle, Washington to provide oral comments on GOA Rationalization (see Public Scoping Hearing section for additional information).

The United States Fish and Wildlife Service (USFWS), United States Coast Guard (USCG), and Alaska Department of Fish and Game (ADF&G) were specifically invited to participate in the SEIS process by letter on July 15, 2002. These agencies may have special expertise on GOA rationalization. All three agencies indicated an interest in participating as consulting agencies in the SEIS.

NMFS specifically invited tribal governments to participate in the public scoping process. On June 5, 2002, we sent a letter to the 225 federally recognized tribes in Alaska notifying them of the public scoping process and requesting their input. After no responses were received, we sent a second letter on October 11, 2002 again inviting tribal governments in Alaska to participate and specifically them to participate in a public scoping hearing in Anchorage on October 25, 2002. This hearing was designed to facilitate tribal participation by being held during the annual Alaska Federation of Natives convention being held in Anchorage during October 22-26, 2002. NMFS also published a notice in the Federal Register on October 23, 2002 (67 FR 65092) specifically inviting tribal governments to participate in this public scoping meeting. Members of tribal governments attended the Anchorage public scoping meeting.

Determine the potential significant environmental issues to be analyzed in depth in the SEIS

The eight public hearings and written comments received helped define those potential issues. In addition, guidance from the Council's GOA Work Group helped assist the public by providing an additional opportunity for comments. The work products of the GOA Work Group have been incorporated as written comments to the public scoping process.

Identify and eliminate issues determined to be insignificant or addressed in other documents.

At this time, insignificant issues have not been addressed, but may be through the Council process. This SEIS will "teir-off" of the Draft Programmatic Supplemental Environmental Impact Statement (DPSEIS) which contains an extensive analysis of issues related to the environmental conditions in the GOA. We have not yet determined which specific elements that will be drawn from this DPSEIS. Essential Fish Habitat (EFH) issues are addressed by the SEIS for EFH, and portions of that document may be incorporated into the GOA Rationalization SEIS.

Allocate assignments among the lead agency and cooperating agencies regarding preparation of the SEIS, including impact analysis and identification of mitigation alternatives.

At this point specific tasks for the cooperating agencies have not been determined. NMFS is the lead agency and along with the Council will conduct the majority of the analysis. Special expertise by ADF&G on state water fisheries, USF&W on seabirds and marine mammals, and USCG on enforcement may be incorporated into this analysis.

Identify related environmental documents being prepared

Thus far, the DPSEIS, EFH SEIS, and Crab Rationalization EIS have been identified as potentially related documents.

Identify other environmental review and consultation requirements.

The SEIS will also address the suite of review requirements that are typically required for all Council actions that may affect the human environment which may include the requirements of:

- Endangered Species Act (ESA)
- Marine Mammal Protection Act (MMPA)
- Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act)
- Regulatory Flexibility Act (RFA)
- Consolidated Appropriations Act of 2001 (Pub. L. No. 106-554)
- Coastal Zone Management Act (CZMA)
- Administrative Procedure Act (APA)
- Paperwork Reduction Act of 1995 (PRA)
- Executive Order (E.O.) 12866: Regulatory Planning and Review
- Executive Order (E.O.) 13084: Consultation and Coordination with Indian Tribal Governments
- Executive Order (E.O.) 12898: Environmental Justice
- Executive Order (E.O.) 13132: Federalism

Public Scoping Hearings – Selection of Areas and Times

NMFS staff selected the locations for the public hearings based on a variety of factors, including: (1) the level of participation of these communities in the GOA groundfish fisheries in terms of harvests, number of vessels, and port landings; (2) the participation of members or representatives from these communities in past Council discussions on groundfish rationalization; (3) the composition of the Council's GOA Work Group which reflects the various interest groups, and geographic representation that has participated in the GOA rationalization process; (4) suggestions from the GOA Work Group; (5) the desire to provide access to the SEIS process to fishermen in remote locations who do not typically participate in regularly scheduled Council meetings in Anchorage and Seattle; and (6) to facilitate participation by tribal governments in communities where tribal members are known to be participants in the GOA groundfish fisheries. The selection of meeting locations and dates were presented to the GOA Work Group for comment and feedback. NMFS staff contacted fishery or municipal representatives in each of the communities except Anchorage and Seattle to determine the appropriate location and timing of the meetings. NMFS staff also reviewed both federal and state managed fishery seasons in the meeting locations to minimize potential conflicts with those seasons.

Meetings were scheduled and held at the following times and locations (Box 1). The Anchorage meeting was delayed several hours due to weather delays for key staff, but all participants attending at the regularly scheduled time were notified and attended at the later time. The comments received during the public scoping hearings were summarized and are attached at the end of this scoping report (See Appendix A). The specific locations and number of participants at each meeting are shown in Figure 1.

BOX 1: Public Scoping Meetings for GOA Rationalization SEIS

<u>Day</u>	<u>Time</u>	<u>City</u>	<u>Location</u>
August 17	9:00 a.m. - 12:00 noon	Sand Point, AK	Aleutians East Borough Office, 100 Mossberry Lane
August 18	9:00 a.m. - 12:00 noon	King Cove, AK	King Cove Harbor House, 100 Harbor Road
August 23	1:00 p.m. - 4:00 p.m.	Kodiak, AK	Fishery Industrial Technology Ctr., 118 Trident Way
September 16	5:00 p.m. - 8:00 p.m.	Cordova, AK	Cordova City Library Meeting Room, 622 First Street
September 24	2:00 p.m. - 5:00 p.m.	Homer, AK	Best Western Bidarka Inn, 575 Sterling Hwy
September 26	3:00 p.m. - 6:00 p.m.	Petersburg, AK	City Council Chambers, 12 Nordic Drive
October 1	6:00 p.m. - 9:00 p.m.	Seattle, WA	Doubletree Hotel Seattle Airport, 18740 Pacific Hwy.
October 25	1:00 p.m. - 4:00 p.m.	Anchorage, AK	Hilton, Anchorage, 500 West Third Avenue

Written Comments

The written comments on public scoping are attached at the end of this report (See Appendix B). In addition to these comments, the products of the GOA Work Group are also considered part of the scoping comments. That information is being presented as a separate report.

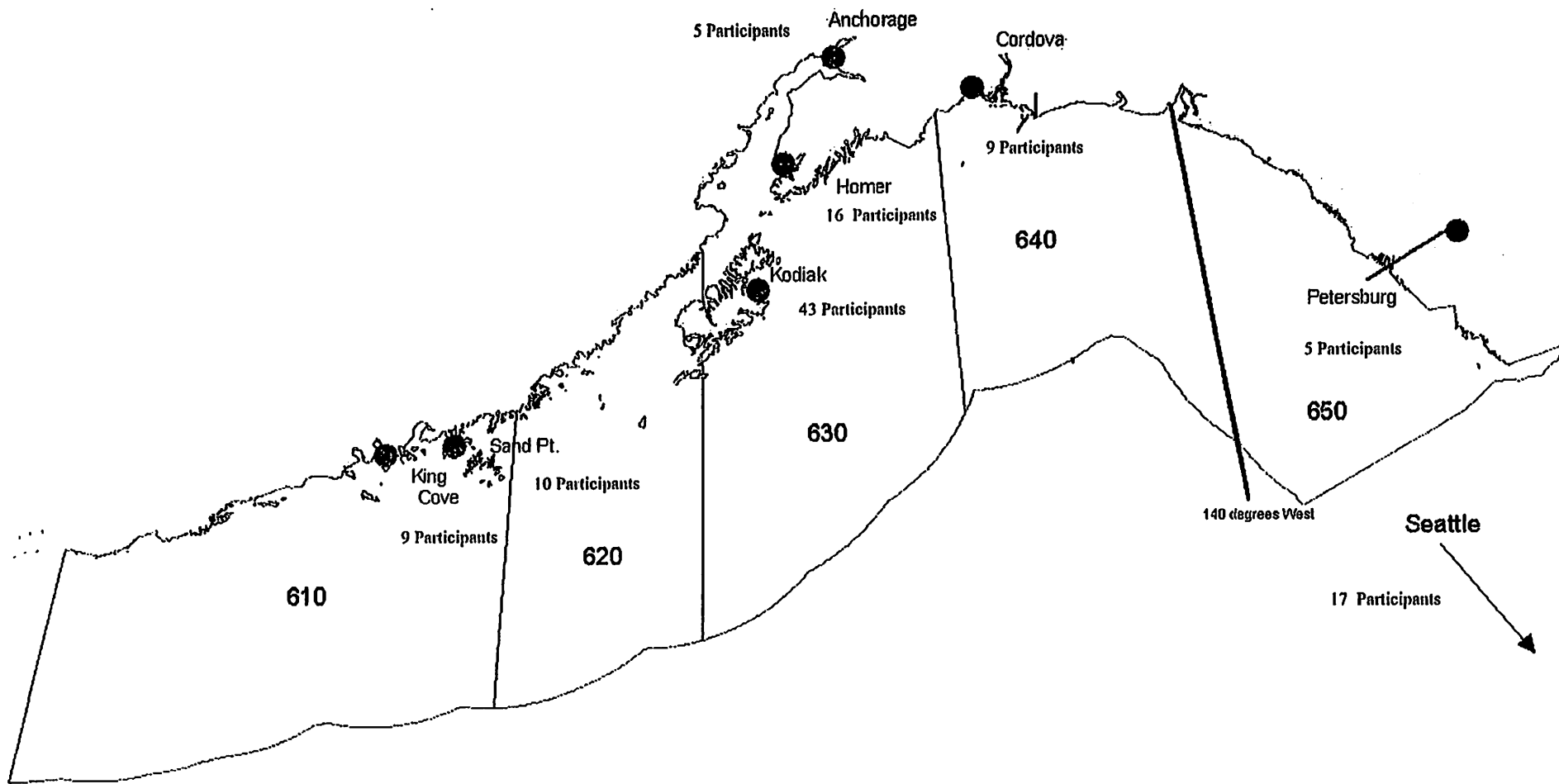


Figure 1: GOA Rationalization SEIS Public Scoping Hearing Locations

Future Action by the Council and NMFS

Based on the comments received through this public scoping process and the work products from the Council's GOA Work Group, the Council may wish to further refine the precise nature and extent of the proposed action, the range of alternatives, the specific impacts to be evaluated, and the methods used to determine their evaluation. This refinement will benefit the analysis by focusing the work of NMFS and Council staff on those alternatives that specifically address the proposed action. NEPA does not require that every alternative must be considered.

We anticipate that the SEIS will be used to fulfill the request by Congress in the Consolidated Appropriations Act of 2001 (P.L. 106-554) which requires the Council to examine fisheries under its jurisdiction, particularly Gulf of Alaska groundfish fisheries, to determine whether rationalization is needed, and requests the Council to

“analyze individual fishing quotas, processor quotas, cooperatives, and quotas held by communities. The analysis should include an economic analysis of the impact of all options on communities and processors as well as the fishing fleets. The North Pacific Council shall present its analysis to the appropriations and authorizing committees of the Senate and House of Representatives in a timely manner.”

The Council may wish to consider the Consolidated Appropriations Act, the comments from this scoping document and the Elements and Options as developed by the GOA Work Group as it further refines the Proposed Action, Scope, Alternatives, and specific issues to be analyzed in the SEIS.

**BOX 2: Proposed Problem Statement for Gulf of Alaska Groundfish Rationalization –
April 2002
(Council Version)**

Increasing participation in the Gulf of Alaska fisheries, as well as increasing catching and processing capacity, have intensified the race for fish with the attendant problems of:

reduced economic viability of the harvesters, processors, and GOA
communities
high bycatch,
decreased safety,
reduced product value and utilization,
jeopardy to community stability and their historic reliance on groundfish

**BOX 3: Objectives for Gulf of Alaska Groundfish Rationalization – April 2002
(Council Version)**

1. Maintain the character of an independent harvester fleet while allowing for meaningful reduction of excess capacity.
2. Foster a healthy, competitive processing and harvesting environment.
3. Protect the harvesting, processing, and community sectors from losing the relative value of their existing investments.
4. Maintain the relative market balance between the harvesting and processing sectors.
5. Provide opportunities for Gulf of Alaska coastal communities to benefit from rationalization programs.
6. Consider historic and recent participation for allocating the benefits of rationalization to all three sectors.
7. Maintain and encourage participation in rationalized fisheries by active holders of quota shares, catch histories, or licenses.
8. Effectively control excessive consolidation and vertical integration by all sectors.
9. Consider the status of skippers and crew.
10. Provide entry level opportunities for individuals.
11. Meet Magnuson-Stevens Act requirements, including conservation requirements.
12. End the race for fish and improve the economic viability of harvesters and processors.

Appendix A: Public Scoping Hearing Summaries

**Sand Point
Public Scoping Meeting Summary – Draft
August 17, 2002
Aleutians East Borough Office**

General Notes: The public scoping meetings were scheduled in times and locations to accommodate fishing schedules and provide additional access to community residents. The specific locations of the meetings were based on several factors including: (1) suggestions by members of the Council's Gulf of Alaska (GOA) Work Group; (2) the level of groundfish harvesting and processing activity among GOA communities; (3) the past involvement by representatives of these communities and their representatives in previous GOA rationalization committees and discussions; and (4) to provide additional access opportunities for public comment to those community residents who are not able to attend Council meeting. Prior to the scheduling of these meetings, we received suggestions from members of the GOA Work Group.

Many of the comments elicited from the public were in response to questions offered by staff regarding the current suite of alternatives and proposals for bycatch, community allocations, and other management issues under consideration by the Council's GOA Work Group.

Public Attendance: 10 members of the public

Meeting Representation: The public attending the meeting represented a variety of gear groups, with the largest representation coming from vessel owners and operators using trawl gear in the cod and pollock fisheries. An individual representing Trident Seafoods, the main processing facility in Sand Point also attended.

Major Themes: While the public scoping addressed a wide range of topics, the main topics of interest included the following:

Proposed Action:

Sand Point residents held several views on the need to modify the existing management of GOA groundfish fisheries and the appropriateness of the various approaches to modify the existing management structure. Many members of the public expressed a desire to establish a "fair start" provision for all size classes of vessels in the Pacific cod fishery in the Western GOA management area. This was seen as a more immediate concern than rationalizing the fisheries. In fact, some identified an interest in creating additional opportunities in the state water Pacific cod fishery for new participants.

Scope:

After noting that there was no need to rationalize the fisheries, most individuals recommended that *if* GOA groundfish management is modified from the status quo, then whatever management approach taken should address all species in all areas. No one commented on whether to include or exclude groundfish fisheries

East of 140 degrees W. long. in a rationalization program. Several suggested incorporating species that were characterized as underutilized in the Western Gulf (e.g., flatfish and rockfish) in the alternatives under consideration. The major concern expressed about exempting these underutilized species is that doing so would essentially create a "race for fish" or increased pressure on those species by any individuals excluded from any rationalization program. Additionally, several individuals said that "rationalized" fishing operations would be able to target these underutilized species better than other non-rationalized, or open access fishing operations. There was not a specific suggestion on how those species should be incorporated in a rationalization program.

Alternatives:

NMFS and Council staff reviewed some of the potential alternatives that have been suggested, including: rights-based management programs such as individual fishing quotas (IFQs); cooperatives similar to those established under the AFA; "two-pie" management with linked IFQ and processor quota shares (IPQs), so-called "three pie" management that would link landings to communities similar to recent action recommended by the Council to rationalize the Bering Sea crab fisheries; modifications of the license limitation program (LLP); and the status quo. Staff invited the public to suggest other alternatives, or hybrid alternatives that should be considered as well.

General Comments

While no one indicated a preference for the status quo, there were a variety of opinions on the other potential alternatives. There were several different opinions about the specific problem facing GOA groundfish fisheries. Several individuals identified the lack of a "fair start" provision in the Pacific cod fishery among the various gear groups as the greatest problem facing the local fisheries. These individuals also suggested that rationalization or other management measures could proceed on a separate and longer track so that a fair start measure could be enacted in the Western Gulf federal Pacific cod fishery quickly to address immediate needs. Several individuals seemed most concerned about the potential reduction in catch by the smaller trawl vessels relative to fixed gear vessels. While there was not agreement on a specific date for a "fair-start" provision, there was general support for a start date in February or early March designed to coincide with the pollock fishery.

Individuals noted that more vessels are coming to the region to fish during the State managed Pacific cod fishery resulting in shorter state fishery seasons. This increased competition may be affecting the overall profitability of local vessels in the state-managed fishery and increasing effort in the federal Pacific cod fishery. Generally, individuals felt that this increase in fishing effort increased due to the recent decline in salmon prices, and changes in salmon management in the region by the Alaska Board of Fisheries.

Rationalization Alternative

Generally, there was not strong support for any rationalization alternative. Comments about rationalization tended to be phrased in terms of a preferred approach *if* rationalization is chosen, but not as though rationalization were a preferred alternative. There was considerable debate about how to address the treatment of skippers and crew members in any rights-based management program, if one were adopted.

Several individuals did support the use of IFQs as the preferred rationalization alternative. Generally, individuals were concerned about the equity of the initial allocation mechanism since species underutilized by Sand Point residents would likely be fully allocated under an IFQ or cooperative program. One individual

stated that there are too many boats chasing too few fish and that IFQs would provide an opportunity for vessels to slow their catch rate and possibly address Steller sea lion concerns, and fish more profitably.

Generally, there was support for the inclusion of skippers and crew in the allocation process. Several individuals suggested various allocation mechanisms for splitting the quota share allocation among vessel owners and skippers. Some suggested a 50/50 split between skippers and vessel owners, others suggested a lower, but less specific allocation. Several individuals noted that it would be difficult, if not impossible to figure out a specific mechanism to allocate quota shares to crew members given the transient nature of crew member employment and poor records. Generally, individuals supported the idea of allocating some initial quota to skippers. Some individuals were concerned that IFQs are desired principally by vessel owners from other regions that fish in the local area who are looking to sell out of the fishery, and that the implementation of an IFQ program would not provide long-term access to local residents. Individuals believed IFQs must be transferable. Generally, caps on quota share consolidation were preferred, but there were no specific preferences for specific limits.

No individual from the fishing fleet advocated the use of "two-pie" or "three-pie" management. Individuals felt that "two-pie" management would reduce any ability by harvesters to find alternative markets or negotiate a more favorable price in Sand Point given the very limited opportunities to sell their catch to other processors in the region. A processing representative noted that processors have made substantial investments in the fishery and "two-pie" management should be considered.

Generally, the use of specific measures designed to "regionalize" the processing of catch or create community quota share programs were not considered either necessary or appropriate. Several individuals suggested that the allocation of community quota shares to communities such as Sand Point, which do not target rockfish and flatfish might reserve a portion of the total allowable catch (TAC) for each community and provide some protection or mechanism for participation for those that have not participated in the past.

There was not a specific recommendation either for or against the use of cooperatives. Many individuals seemed uncertain as to how cooperative management might actually function in the Western Gulf of Alaska.

A repeated concern was for including an opportunity for new entrants in whatever mechanism may be chosen. Expansion of the existing IFQ loan program was mentioned, but there were no additional specific suggestions on how new entrants could be better incorporated in a quota share program.

License Limitation Alternative

Individuals also suggested modifying the LLP as an alternative to rationalization. There were mixed opinions about whether modifying the LLP would address the short and long-term problems facing the groundfish fisheries. Several individuals suggested that removing "latent" licenses from the LLP, would address several concerns about limiting new entry into the fisheries. Others felt that modifying the LLP would not address the long-term concerns of the fishery and would not improve the ability of existing operators to remain competitive. Several individuals stated that the existing LLP allows larger vessels that have not historically participated in the Pacific cod fishery particularly displaced BSAI crab vessels, to participate in the federal fishery. Other individuals stated that management within the "parallel" fishery also allows vessels to fish during the federal season without an LLP and recommended that the state take action to prevent this situation (see "Issues: parallel fishery").

Issues:

Several of the key issues that were raised for further analysis included: (1) management in the “parallel” fishery the fishery occurring in state waters opened during the federal fishery; and (2) differential management among various management regions in the GOA and the importance of establishing “sideboards” if differential management measures are implemented.

Parallel fishery

Individuals noted that if any rationalization program is adopted, NMFS and the Alaska Department of Fish and Game should coordinate to address mutual management concerns. Some of the issues raised include: whether catch history from harvests in the parallel fishery from a vessel without an LLP would be included in any quota allocation, whether a federal quota program would be applicable to vessels fishing exclusively in the parallel fishery, and whether future management measures to further restrict the number of LLPs could be applied within the parallel fisheries. Several individuals suggested increasing the State managed Pacific cod guideline harvest level and requiring that if vessels fish within federal waters they would be prohibited from fishing in the state managed Pacific cod fishery. This measure was suggested to reduce the potential lack of controls within the existing parallel fishery management framework.

Differential Management

Many individuals suggested that different management strategies may be appropriate in different regions of the GOA. As an example, one individual suggested that different management systems could be approved for the Western and Central Gulf management regulatory areas. Individuals suggested that there would need to place “sideboards” to limit the potential spill-over effects that could occur if vessels are rationalized in one part of the GOA and vessels are then more able to participate in fisheries in other regions.

Other Comments:

Individuals requested that the notes from future public scoping meetings be placed on the web prior to the presentation of the draft scoping report to the Council in October.

**King Cove
Public Scoping Meeting Summary – Draft
August 18, 2002
Robert E. Newman Memorial Harbor House**

Public Attendance: 10 members of the public

Meeting Representation: Individuals attending the meeting represented a variety of gear groups, with the largest representation coming from vessel owners and operators using fixed gear in the Pacific cod fishery. An individual representing Peter Pan Seafoods, the main processing facility in King Cove, also attended.

Major Themes: While the public scoping meeting addressed a wide range of topics, the main topics of interest included the following:

Proposed Action:

Individuals held several views on the need for modifying the existing management of GOA groundfish fisheries and the appropriateness of the various approaches to modify the existing management structure. During public discussion, many individuals members expressed a desire to further limit the possibility of larger vessels with “latent” LLP from entering the Pacific cod fishery. Generally, there was opposition to any rights-based management program.

Scope:

Since there was little support for significantly changing the existing management system, most individuals did not see a need to modify fisheries management throughout the Gulf. However, individuals recommended that *if* a new rationalization program were adopted than any new management approach should address all species. Several members of the public recommended adopting different management actions in Western and Central GOA might be appropriate. No one expressed an opinion on whether to include groundfish fisheries East of 140 degrees W. long. in any new management program. Individuals recommended that fishermen should not be precluded from accessing underutilized species in the Western Gulf (e.g., flatfish and rockfish). Individuals indicated that underutilized species could be important in the future and establishing a rationalization program could limit opportunities for local fishermen.

Alternatives:

NMFS and Council staff reviewed some of the potential alternatives that have been suggested, including: rights-based management programs such as individual fishing quotas (IFQs); cooperatives similar to those established under the AFA; “two-pie” management with linked IFQ and processor quota shares (IPQs), so-called “three pie” management similar to that recently recommended by the Council under crab rationalization (see the Council website at <http://www.fakr.noaa.gov/npfmc> for additional information); modifications of the license limitation program (LLP); and the status quo. Hearing officers also asked individuals if there were other alternatives, or hybrid alternatives that should be considered as well.

General Comments

While no one indicated a preference for the status quo, individuals did not recommend substantial changes to the existing management system. Most individuals were more concerned about access to the resource ("big boat/small boat" issues) rather than overcapitalization. Individuals indicated that one problem for the local groundfish fleet is preemption of catch and fishing grounds by larger boats. Generally, there was very little support for an IFQ program. Several individuals were concerned that groundfish fisheries, in particular the fixed gear Pacific cod fishery, are important to the smaller local vessels by allowing vessels to occasionally supplement their income. In particular, more vessels using jig gear are participating in both the State and Federal Pacific cod fisheries because salmon value and harvests are declining. Although these harvests are small in terms of overall value of harvests, they are very important relative source of income.

Rationalization Alternative

There was generally strong opposition for the use of IFQs or other rights-based management alternatives. One individual stated that IFQs could provide certain benefits such as allowing vessels to lower bycatch, fish slower which could be beneficial for addressing Steller sea lion conservation concerns, and allow processors to gain more value, but generally, many individuals felt that the implementation of the halibut and sablefish IFQ Program disadvantaged the local fleet and individuals almost uniformly expressed strong opposition to the use of quota shares and the equity of the initial allocation mechanism and the treatment of skippers and crew.

No individual from the fishing sector advocated the use of "two-pie" or "three-pie" management. Individuals felt that allocating quota shares to processors would reduce any ability of harvesters to find alternative markets or negotiate a more favorable price in King Cove, given the very limited opportunities to sell their catch to other processors in the region. While an individual from the processing sector did not advocate processor quota share (QS), he identified that the investment of the processing company should be considered and Peter Pan Seafoods would want to be included in any rationalization program if it proceeds.

Some individuals supported the concept of community-based management measures if a rights-based management alternative were chosen. One individual suggested a portion of the TAC or quota share could be allocated to communities. Individuals indicated that this could be accomplished by allocating to vessels less than 58 feet length overall (LOA) and allow those vessels to then participate under open access. Some individuals also noted that the local fleet could be initially allocated relatively little QS because they were targeting other fisheries during certain qualifying years. Individuals cautioned that local vessels should not be viewed as not participating in a fishery even if this participation is sporadic. Individuals noted that the qualifying years must be chosen carefully to consider the local fleets.

Several individuals noted that small boat fleet communities, such as King Cove, may be disadvantaged in IFQ programs because most of the initially allocated quota share goes to larger fleets with more catch history. Individuals recommended a more "equitable" formula for issuing QS to protect the local small boat fleet. Individuals also indicated some support for "regionalizing" fishery landings (requiring landings in local communities) as a means of ensuring stable processing and tax revenues. Individuals noted that the halibut IFQ program resulted in a greater portion of the catch being delivered to ports outside of King Cove, resulting in an loss of tax revenue.

There was not a specific recommendation regarding the cooperative alternative. Many individuals seemed uncertain as to how cooperative management might actually function in the context of Western Gulf

fisheries. Although, not technically a cooperative, several members of the public recommended a distinct allocation of a portion of the Pacific cod total allowable catch (TAC) in the Western Gulf, and presumably other groundfish species' TAC, to vessels under 58 feet LOA and permit an open access fishery within that designated TAC.

There was considerable debate about including skippers and crew members in any rights-based management program, if one were adopted. Several individuals suggested various allocation mechanisms for splitting the quota share allocation among vessel owners and skippers. Generally, individuals who were hired skippers supported the idea of allocating some initial quota to skippers. Some individuals were concerned that IFQs are desired principally by vessel owners from other regions that fish in the local area who are looking to sell out of the fishery, and that the implementation of an IFQ program would not provide long-term access to local residents.

Individuals did not have specific comments about underutilized species in the Western Gulf such as rockfish and flatfish. One processor representative indicated that it was important not to preclude local fishermen from these fisheries, but there were no specific suggestions on how to address the allocation of quota share or management of these fisheries under a rationalization program.

License Limitation Alternative

Individuals also suggested that modifying the LLP as an alternative to rationalization may be appropriate. Individuals did not seem primarily concerned about reducing the number of latent licenses. However, some individuals expressed concerns that larger boats, particularly vessels that participate in BSAI crab fisheries, that now fish in the parallel fishery without an LLP were preempting smaller vessels in the fixed gear Pacific cod fishery. Others stated that management within the "parallel" fishery also allows vessels to fish during the federal season without an LLP, and that the State may need to address this issue.

Issues:

Several of the key issues that were raised included: (1) management of the parallel fishery; (2) regional or differential management; and (3) the effects of gear conversion on possible quota share allocation.

Parallel Fishery

Individuals noted that more vessels are coming to the region to fish during the State managed Pacific cod fishery resulting in shorter fisheries in state fisheries. This increased competition may be affecting the overall profitability of local vessels in the state-managed fishery and increasing effort in the federal fishery. Individuals noted that there will need to be coordination between NMFS and ADF&G to address mutual management concerns if any rationalization program is adopted. Several individuals suggested increasing the State managed Pacific cod guideline harvest level and requiring exclusive registration in either the state or federal Pacific cod fishery. This measure was suggested as a way to reduce the potential lack of controls within the existing parallel fishery management framework. Several individuals suggested increasing the State managed Pacific cod guideline harvest level (GHL) to offset the potential effects of rationalization in the federal fisheries and provide an opportunity for smaller vessels to participate.

Regional Management

Many individuals suggested that different management strategies may be appropriate in different GOA management areas. One individual suggested that it may be possible to have one management system in place for the Western GOA that modified the LLP, and have a different management system in place for the Central GOA. Others suggested that "sideboards" to limit the potential spill-over effects could be considered to protect areas not rationalized.

Trawl Catch History and Gear Conversion

Individuals indicated that if trawl vessels were issued quota share and trawling, particularly in the Pacific cod fishery, were eliminated then it is not clear what might happen to the catch history. The catch history for the fixed gear trawl fleet is less than the trawl fleet and it is not clear what effect the addition of converted trawl vessel catch history might have on the existing fixed gear Pacific cod fleet if a quota share allocation were adopted.

Kodiak
Public Scoping Meeting Summary – Draft
August 23, 2002
Fishery Industrial Technology Center

Attendance: Approximately 45 members of the public (including agency personnel)

Meeting Representation: The public attending the meeting represented a variety of gear groups, with representation coming from vessel owners, operators, and crew using trawl and fixed gear and a number of fisheries organizations. There were also several representatives from several of the processing plants in Kodiak. Also in attendance were individuals representing the Kodiak Island Borough, Alaska Department of Fish and Game, the United States Coast Guard, and staff of Senator Austerman.

Major Themes: While the public scoping addressed a wide range of topics, the main topics of interest included the following.

Proposed Action:

Individuals strongly supported rationalization within the Gulf of Alaska (GOA) through the adoption of quota-based management programs. There was some concern that rationalization could preclude the ability of new entrants to get into the fishery.

Scope:

Generally, individuals supported adopting management measures that would address all species at all times. No one expressed an opinion of whether to include or exclude groundfish fisheries East of 140 degrees W. long. in a new management program. The public also indicated that if one species is rationalized than other species should be rationalized at the same time. There was limited discussion of separate rationalization programs for different fisheries in different areas based on concerns that certain regions of the GOA may be better prepared or willing to rationalize their fisheries.

Alternatives:

During the meeting, NMFS and Council staff reviewed some of the potential alternatives that have been suggested, including: rights-based management programs such as individual fishing quotas (IFQs); Cooperatives similar to those established under the American Fisheries Act (AFA); “Two-pie” management with linked IFQ and processor quota shares (IPQs), so-called “three pie” management similar to that recently recommended by the Council under crab rationalization (see the Council website at <http://www.fakr.noaa.gov/npfmc> for additional information); modifications of the license limitation program (LLP); and the status quo. Staff also asked the public if there were other alternatives, or hybrid alternatives that should be considered as well.

General Comments

Individuals noted that there are numerous problems currently facing the groundfish fisheries in the GOA, and

specifically the Central GOA management area. Some of the reasons mentioned for supporting rationalization included: concerns that existing harvesting capacity exceeds the available fishery resource; the Central Gulf groundfish fisheries are now more expensive and less profitable on the market, particularly compared to the Bering Sea/Aleutian Islands Management Area (BSAI) pollock fishery managed under the AFA, whose market has expanded into areas traditionally targeted by GOA pollock fisheries (e.g., filet market); concerns about the possible effects of displaced vessels from other fisheries recommended for rationalization (e.g., BSAI crab fisheries); allocation of harvesting privileges to provide additional economic stability; and the ability to respond to halibut bycatch concerns.

Rationalization Alternative

Among the rationalization alternatives discussed, cooperative management was the preferred alternative for rationalization. Several participants described their experiences under the AFA and the advantages that they believe cooperative management has provided, such as improving roe recovery rates, reducing bycatch, improving processing crew staffing, addressing concerns about mechanical problems and injuries, and as a means to address concerns raised by environmental organizations concerning fishery management. One individual opposed rationalization because it limits the ability for younger fishermen to get into the fisheries.

Several individuals provided a range of reasons why cooperatives might be the most advantageous options. Some of these include the ability of cooperatives to manage bycatch and prohibited species caps (PSCs) among all of the vessels, the ability to form a team work environment among vessel owners, operators, and processors due to the collective management of these operations. Some individuals believed that cooperative management could address local community concerns better than an IFQ Program due to the flexibility of negotiating arrangements within the cooperative. Several individuals mentioned that the halibut and sablefish IFQ Program shifted processing away from Kodiak and did not adequately consider skipper and crew in the initial allocation, whereas cooperative management may be able to address these issues. Others maintained that the existing IFQ Program is not necessarily a model for groundfish given the more perishable nature of the groundfish stocks and the need for large volume processing. These individuals did not believe IFQ management would necessarily result in the diversion of processing to other ports. Others noted concerns about the degree of foreign control that could occur with processor QS, or allowing processors to purchase QS in an IFQ Program.

One concern raised was whether the experience of vessel owners and operators in the AFA was sufficient to judge the performance of cooperatives in general and if the advantages currently experienced by AFA members would continue. There was concern that long-term trends in employment could show reduced crew and skipper shares and lower overall income.

There was generally strong support for incorporating community-based management measures if a rights-based management alternative were chosen to maintain existing processing capacity within Kodiak. However, the particular options suggested differed significantly. Individuals suggested the use of regional landing requirements either incorporated into the specific cooperative structure or by establishing the use of PQS. Individuals noted that the halibut and sablefish IFQ Program modified delivery patterns to favor fresh auction markets and resulted in a greater portion of the catch being delivered to other ports. This lowered fishery landing tax revenue in Kodiak. Individuals recommended that landings should be tied to the communities either through specific port-preference clauses or through the issuance of QS to processors in the region.

Generally, there was concern about creating a separate quota allocation specifically for communities. One concern was that the allocation of harvesting or processing QS directly to communities could impair the ability of processors to ensure a good flow of product by limiting competition at existing facilities. Other concerns were that shifting harvesting or processing QS to other communities could increase overcapacity in the groundfish fishery by adding new capacity in these smaller communities. There was also concern that a separate allocation to small communities would be too small to prove economical and would require the communities to lease the processing QS to other processors thereby increasing the overall costs for processing fish. Generally, there was support for allowing communities to buy QS, either for processing or harvesting depending on the program, but not for an initial allocation.

There did not seem to be any clear support for the use of "two-pie" management linked harvester and processor quota shares among the fishermen and some of the processors present. These individuals felt that "two-pie" management would reduce any ability of harvesters to find alternative markets or negotiate a more favorable price. Individuals suggested that the financial commitment made by processors would best be addressed through cooperatives linking processors and harvesters, or through issuing harvester IFQ directly to processors that own fishing vessels. Others noted that the investment of processors should be considered. One individual noted that cooperatives may not require community landings but a "two-pie" program could link processing to a specific community with the goal of maximizing the value of the fishery. Also noted was the belief that the Magnuson-Stevens Act requires protection of all stakeholders in quota allocation programs.

A concern raised was that whatever mechanism may be chosen there have to be specific provisions that provide an opportunity for new entrants. One individual mentioned a government program in Ireland that helps to sponsor new entrants.

License Limitation Alternative

Generally, the public did not support modifying the LLP as a means of addressing the range of problems facing GOA groundfish fisheries. In particular, individuals stated that the LLP did not address the "race for fish" or outstanding bycatch and environmental issues. Some suggested modifying the LLP as an interim measure, but others indicated that this could be a considerable cost with little overall result since much of the fleet is fairly stable over time and little effect on overall fleet capacity could be expected.

Issues:

Several of the key issues that were raised for further analysis included: (1) management in the "parallel" fishery the fishery occurring in state waters opened during the federal fishery; (2) differential management among various management regions in the GOA and the importance of establishing "sideboards" if differential management measures are implemented; and (3) specific data requests.

Parallel fishery

Several individuals noted that the primary concern was that any catch history that is harvested within the parallel fishery should be considered in any rationalization program. One individual noted that concerns about management of the parallel fishery could be addressed by assigning a separate quota in state waters for harvests exclusively within that fishery, and require any individuals fishing outside state waters to be managed under federal regulations regardless of the source of the harvests.

Differential Management

Many individuals suggested different management strategies may be appropriate in different regions of the GOA. The primary concern expressed was that if one region of the Gulf were not prepared for rationalization, then other regions, should not be limited in their ability to rationalize their fisheries. The primary concern was that sideboard measures to manage "crossover" vessels that have historical harvests in both regions could prove difficult and costly.

Specific Data Requests

One individual suggested examining the performance of the AFA in terms of employment economic data (e.g., average crew share and revenue, amount of employment, etc...). There was also a request made to review the performance of the orange roughy IFQ program in New Zealand in terms of the effects of processor consolidation.

**Cordova
Public Scoping Meeting Summary – Draft
September 16, 2002
Cordova Public City Library**

Public Attendance: Nine members of the public attended.

Meeting Representation: The public attending the meeting were largely small vessel fishermen fishing for Pacific cod with longline gear in the Federal fisheries typically inside State waters in the Parallel fishery. One individual representing a local processor and USCG personnel from the USCG Cutter *Sycamore* also attended.

Major Themes: The main issues of concern addressed by the public included the following:

Proposed Action:

Cordova residents wished to modify the existing management system to provide increased opportunities for the local fleet and a steady flow of product into processing plants into Cordova. Many in the audience noted the need to have a management system that allowed for longer fishing time, and several suggested that there was currently a race for fish particularly in the Pacific cod fishery. There was general support for changes in management that increased the access available to the local fleet, and there was concern that adopting new management measures that severely restrict participation of small vessels by allocating access to the fishery based strictly on historic participation would not address the needs of Cordova residents. Generally, residents wished to establish a flexible management program that continued to provide access to local fishermen, but there was no clear consensus as to whether this would best be accomplished through rationalization or by providing some percentage of the total available catch (TAC) for harvest by Cordova and other Prince William Sound (PWS) communities a regional TAC.

Scope:

Although the public did not clearly support a specific rationalization alternative as appropriate for Cordova, there was a recognition that if one fishery is modified it could affect other fisheries as well. The public did not hold specific views on whether all fisheries should be rationalized or only those fisheries that are currently targeted by Cordova residents pollock and Pacific cod. There were no comments on whether to include or exclude groundfish fisheries East of 140 degrees W. long. in any rationalization alternative.

Alternatives:

NMFS and Council staff reviewed some of the potential alternatives that have been suggested, including: rights-based management programs such as individual fishing quotas (IFQs); cooperatives similar to those established under the AFA; “two-pie” management with linked IFQ and processor quota shares (IPQs), and mechanisms that might regionalize the catch of groundfish species. The staff also reviewed potential modifications to the license limitation program (LLP), and status quo management. Staff invited the public to suggest other alternatives, or hybrid alternatives that should be considered as well.

General Comments

The public indicated that the main concerns facing the local groundfish fishery included the need to maintain access to the groundfish fishery particularly Pacific cod, and a stable stream of product to the local processors. Pacific cod is a back-up fishery to salmon, and is important to supplement the income of smaller vessels. Because much of the Central Gulf Pacific cod quota is taken before the cod aggregate inshore near Cordova by vessels fishing primarily out of Kodiak, the historic catch of the Cordova fleet is limited. A primary concern was that any alternative management program that was focused on allocating quota based on historic catch would curtail access to the local fleet significantly and does not reflect the fishing patterns of the local fleet. Since Pacific cod is a "back-up" fishery, and the local fleet has been constrained by quota area management and variable migrations patterns many felt that catch history would not necessarily reflect the dependence of the Cordova fleet on the fishery.

Several individuals stated that there was a need to fish longer into the Pacific cod season and that rationalization could provide that opportunity. Other concerns that were raised were that any management program that is adopted should address the race for fish and allow fishermen to fish when most profitable, markets are available, and when the fish are in the best condition.

Generally, the public was not in favor of expanding the State managed Pacific cod fishery because it limits the type of gear that can be used in that fishery. Specifically, those present preferred fishing within State waters during the federal season in the parallel fishery because it allows longlining, compared with the PWS State Water fishery which is limited to pot and jig. Many noted that jigging does not work in Cordova because the fish are not schooled up enough to make that form of fishing profitable so state quota is not taken. Many believed that increasing the state water quota as a mechanism to offset any possible loss of access due to rationalization would not help Cordova.

Rationalization Alternative

Generally, support for a particular program seemed to be split depending on the fishery. While many in the Pacific cod fishery were concerned about maintaining access for the local fishermen, the main concern for the pollock fishery was ensuring that there was a stable supply of product to the local canneries from the smaller Cordova pollock fleet. Many noted that pollock is the most important fishery for the winter economy of Cordova.

For the most part, fishermen favored allocating a segment of the Central Gulf Pacific cod TAC to the communities of PWS that could then be fished in a manner determined by the residents of those communities. The public did not specifically state that this regional TAC would be managed in an open-access manner, but many implied that might be the appropriate management tool. The views on the pollock fishery differed. Admittedly, there were no Cordova pollock fishermen at the hearing. However, many felt that the concern with pollock was in maintaining market share and not losing processing to other communities.

Many felt that IFQs or cooperative management was not necessarily the appropriate tool for addressing concerns about Pacific cod management. Generally, there seemed to be less familiarity with cooperative management programs and how those could be implemented. Based on observations from the halibut and sablefish IFQ Program, many felt that Cordova fishermen probably would not have enough history to qualify for quota share to produce a profitable fishery. Some recommended splitting the Pacific cod Central Gulf TAC and that this allocation could be made to PWS communities based on a combination of history and

other factors that would provide for an opportunity for growth. This public did not provide a more specific mechanism for allocating this regional TAC.

The recommendations did differ for pollock. Pollock is considered to be a capital intensive fishery and the local processor and public were concerned about the effect of pollock vessels delivering their catch to other regions. The processor supported processor QS, if harvester IFQs are approved. Both fishermen and the processor noted that provisions should be included to not allow processors to control the price if such a "two-pie" program were adopted. One harvester representative supported "two-pie" management for the pollock fishery as a means to increase community stability and provide for a winter economy.

There was no consensus on setting aside initial shares for community residents who are not currently participants in the federal fisheries. Some noted that institutional expenses incurred by communities (e.g., water treatment systems for processing plant requirements) might merit inclusion in any rights-based management program. There was some support for allowing communities to purchase shares after an initial allocation, but less support for a direct allocation.

There was some discussion about the importance of addressing "spillover" effects from other fisheries if those fisheries are rationalized. Within the context of Pacific cod, there was some support for establishing an exclusive harvest area, patterned after the State of Alaska superexclusive registration areas for salmon.

The public did have some concerns about the ability for expanding fisheries if a rationalization program were adopted. In particular, a number of individuals were concerned that a rationalization program could limit the ability to develop new fisheries such as a dogfish shark fishery.

The public did not specifically address how skipper and crew should be addressed in any rationalization program.

License Limitation Alternative

Many of the fishermen present currently fish within the parallel fishery without an LLP. There was not any clear support for further limiting the LLP, particularly inside State waters during the parallel fishery.

Issues:

Several of the key issues that were raised for further analysis include: (1) reviewing the implications of changing management on observer requirements; (2) addressing management of the parallel fishery.

Observer Coverage

Several individuals expressed concern about the effect that rationalization could have on observer coverage. Many noted that obtaining observer coverage in Cordova is difficult currently, and changes that require more coverage would make it more difficult. The public requested that NMFS and the Council look at how any of these alternatives could affect observer costs. Several recommended that observer costs be distributed over a wider range of vessels.

Parallel Fishery

Several individuals noted that regardless of the program adopted, it must consider that a considerable portion

of the Cordova fleet fishes within the parallel fishery and excluding them from participation because they do not hold an LLP would severely limit local fishing opportunities. There were no specific suggestions on how to limit catches within the parallel fisheries.

Homer
Public Scoping Hearing – Draft
September 24, 2002
Best Western – Bidarka Inn

Public Attendance: Sixteen members of the public attended including three Alaska Department of Fish and Game (ADF&G) Staff.

Meeting Representation: The public attending the meeting were largely small vessel fishermen fishing for Pacific cod with longline gear in the Federal fisheries. Some of these individuals also participated in Pacific cod jig and pot fisheries in both Federal fisheries and the State managed Pacific cod fishery. One individual trawled for Pacific cod and pollock. Fishermen participated both in the Central and Western Gulf of Alaska (GOA). Many of the individuals also participated in the halibut and sablefish IFQ fisheries. A local processor active mostly in halibut, sablefish, and Pacific cod fisheries also attended.

Major Themes: The main issues of concern addressed by the public included the following:

Proposed Action:

Homer residents wished to modify the existing management system and the majority of those present recommended some form of rationalization. Public participants noted that the adoption of the halibut and sablefish IFQ program provides benefits and a competitive advantage to some in the fleet and that the positive effects of IFQs have spilled over negatively to those who are not participants. As an example, winter crew leave existing Pacific cod vessels when the IFQ season starts because exvessel value and the resulting crew income has increased in that fishery with the IFQ program. One member of the public noted that fishermen will be disenfranchised without rationalization in the groundfish fisheries. Concern was expressed that the American Fisheries Act (AFA) could adversely affect the GOA groundfish fisheries by providing additional competitive advantage to AFA vessels fishing in the GOA. Others noted that under Steller Sea lion mitigation measures and possible essential fish habitat regulations, fishermen could be severely disadvantaged without some form of rationalization. Many felt that rationalizing fisheries provides those participants at an advantage relative to participants in non-rationalized fisheries. One individual noted that conservation should be the primary reason to rationalize fisheries (e.g., reduce bycatch, encourage gear conversion to potentially less damaging gear).

Scope:

The public supported a rationalization alternative. Some suggested that a quota-based program similar to the existing IFQ Program may be appropriate. Generally, the public held that if one fishery is modified it could affect other fisheries as well. The public did indicate that rationalizing all fisheries may be most appropriate. However, there was some concern that fisheries where the TAC is fully taken should not necessarily be allocated a larger amount of catch than historically harvested. There were no comments on whether to include or exclude groundfish fisheries East of 140 degrees W. long. in any rationalization alternative.

Alternatives:

NMFS and Council staff reviewed some of the potential alternatives that have been suggested, including: rights-based management programs such as individual fishing quotas (IFQs); cooperatives similar to those established under the AFA; "two-pie" management with linked IFQ and processor quota shares (IPQs), and mechanisms that might regionalize the catch of groundfish species. The staff also reviewed potential modifications to the license limitation program (LLP), and status quo management. Staff invited the public to suggest other alternatives, or hybrid alternatives that should be considered as well.

General Comments

Most of the discussion on alternatives focused on the possible benefits of rationalizing the harvest of fish. There was strong opposition to a rationalization alternative that could limit the ability to market catch. There was limited discussion and less clear understanding of how cooperative management similar to the AFA might function in the GOA groundfish fisheries. Some individuals did note a possible benefit to cooperative management might be its ability to reduce the number of vessels participating in a fishery and reduce costs, particularly for observer coverage. The public did have several suggestions about specific data or issues that should be fully discussed in the SEIS process.

Rationalization Alternative

Many of the audience members seemed most familiar with the IFQ Program currently in place, and most members indicated a preference for adopting a rationalization alternative that shared some of the same characteristics of that program. Many of the reasons for supporting such an alternative are described under the Proposed Action and Scope headings. A specific benefit of an IFQ Program was in the freedom to form new markets. One individual mentioned that any IFQ program alternative developed should increase the restrictions on absentee ownership and leasing of QS.

Many audience members were concerned that the use of a two-pie management system would undermine their ability to maintain competitiveness. There was strong opposition to this form of management. Several audience members felt that the Council was not responsive to the public concerns about the allocation of crab processor shares adopted by the Council since there was strong opposition by numerous Alaskans to processor QS. Others noted that the BSAI crab rationalization program will have negative effects in the GOA. Others felt that there was no basis for allocating processor shares for conservation purposes, and that the analysis conducted for the BSAI crab fishery by the State of Alaska on two-pie management was inappropriate for the GOA groundfish fisheries and should not be used.

Generally, there was limited support for regional landing requirements. Some noted that cod and pollock are perishable products and are not likely to undergo the same shifts in markets as observed in the halibut and sablefish fishery. Others were opposed to the creation of a CDQ-like program in the GOA. One individual noted that community allocations are not efficient use of resources where good local fishermen are doing well in nearshore fisheries. The State managed Pacific cod fishery was noted as an example of a fishery that has already provided benefits to communities.

Several individuals noted that "gear conversion" or other incentives that can shift the harvest of groundfish resources from trawl to pot and longline gear should be considered as a part of a rationalization alternative.

License Limitation Alternative

The public did not support modifying the LLP as a means to address the concerns about current fisheries management. One individual said that modifying the LLP is not likely to “cut out” or reduce significant effort. One individual suggested a vessel size limitation in the parallel fishery to allow only vessels less than 60 ft LOA inside state waters in the Western GOA. Some individuals mentioned that reducing the number of LLPs would not cut out significant effort.

Issues:

Several of the key issues that were raised for further analysis included: (1) incorporating the National Research Council’s policy guidance in *Sharing the Fish*; (2) establishing a review process in any rationalization alternative; (3) considering the effects of rationalization on observer programs; and (4) the effects of rationalization on halibut bycatch.

Sharing the Fish

One individual noted that the recommendations provided in *Sharing the Fish* should be reviewed in the SEIS analysis.

Review Process

There was some support that any rationalization program adopted should have a thorough review process. Accordingly, whatever alternative is chosen should be examined to determine if bycatch, conservation, and other goals are met. A possible mechanism was a true sunset in the program if certain goals are not met. Regardless, there was a desire to ensure that the Council maintain the ability to modify the fishery after an initial period.

Observer and Data Collection Program

Generally, the public indicated that a robust data collection program to review and assess the impacts of rationalization. One individual noted that a possible benefit to cooperative management could be to reduce number of vessels in the fisheries and reduce cost. Observer costs could drive this consolidation. A variety of concerns about the current observer payment system, such as the lack of payment and coverage on smaller vessels, could be addressed through rationalization, and should be described in the analysis.

Halibut Bycatch

One individual expressed concern about halibut bycatch during an extended groundfish season, and recommended analyzing the effect of an extended halibut season to allow retention of cod when cod is open.

**Petersburg
Public Scoping Hearing – Draft
September 26, 2002
Petersburg City Council Chambers**

Public Attendance: Five members of the public attended

Meeting Representation: The public attending included a representative of the press, and legislative staff for U.S. Senator Murkowski and State Representative Wilson. Two longline fishermen based out of Petersburg who fish for a variety of groundfish species in the federal groundfish fisheries attended. One was a representative of a local freezer longline vessel participating in Central and Western Gulf of Alaska (GOA) attended.

Major Themes: The main issues of concern addressed by the public included the following:

Proposed Action:

The public did not believe that rationalization was necessary in Southeast Alaska (NMFS Management Areas 650 and 659) the area East of 140 degrees W. long. Those in the audience felt that the existing management system for groundfish in Southeast Alaska was adequate and no changes were necessary. However, the two fishermen that participated in fisheries outside this area wished to modify the existing management system and recommended some form of rationalization. Generally, the public indicated that although rationalization in other regions of the GOA was not likely to affect fisheries in Southeast Alaska, the analysis should provide a thorough review of the potential implications of rationalization on management in Southeast Alaska. Many of the comments concerning rationalization applied to fisheries outside of Southeast Alaska where Petersburg fishermen also participate. Support for rationalization included concerns about the changes in fisheries management that have come as a result of the Steller sea lion litigation and the inability to adapt to changes in management economically.

Scope:

The public supported a rationalization alternative in fisheries outside of Southeast Alaska. Generally, the public view was that if one fishery is modified it could affect other fisheries as well. The public did indicate that rationalizing all fisheries may be most appropriate. One concern raised was that rationalization of rockfish could disrupt existing IFQ halibut and sablefish fisheries since those fisheries often require a certain amount of bycatch in order to be effectively harvested. One individual mentioned that most of the groundfish fisheries in Southeast Alaska occur within State of Alaska waters (Are 659) and it isn't clear that rationalization in Federal waters would provide the ability to address concerns inside State waters. One individual stated that eventually all fisheries are likely to be fully utilized and it is best to begin examining rights-based management even for those fisheries that are not fully utilized.

Alternatives:

NMFS staff reviewed some of the potential alternatives that have been suggested, including: rights-based management programs such as individual fishing quotas (IFQs); cooperatives similar to those established

under the AFA; "two-pie" management with linked IFQ and processor quota shares (IPQs), and mechanisms that might regionalize the catch of groundfish species. The staff also reviewed potential modifications to the license limitation program (LLP), and status quo management. Staff invited the public to suggest other alternatives, or hybrid alternatives that should be considered as well.

General Comments

Two general comments came out of the hearing. First, a desire to maintain existing management of the Southeast Alaska groundfish fisheries, and second, to move toward a rights-based management alternative in groundfish fisheries elsewhere in the GOA. The public had several suggestions about specific data or issues that should be fully discussed in the SEIS process.

Rationalization Alternative

Of the various alternatives that were discussed, generally cooperative management was mentioned as the alternative that was most likely to achieve the desired goals of addressing Steller sea lion concerns and reducing the race for fish. One of the concerns raised about adopting IFQ style management was that it would likely be difficult to implement given the political opposition to rationalization for harvesters without processors. An additional concern was that the allocation of small amounts of quota share to individual vessels may make it difficult to economically fish.

Both fishermen were concerned that the use of a two-pie management system would undermine their ability to maintain competitiveness. There was opposition to this form of management. One audience member felt that this form of management was not needed. The public noted that groundfish, cod in particular, is a perishable product and vessels will be making frequent deliveries to the nearshore markets and it is unlikely that vessels will be delivering to more distant locations. One individual noted that if processors are concerned about vessels converting to catcher/processors and processing their own catch, that can be addressed by preventing them from doing so in regulation.

Generally, there was limited support for regional landing requirements. There was concern about the ability to manage a program that allocated quota to specific communities. One individual noted that defining who would be eligible would be difficult to determine. Additionally, the public noted that it could be difficult to administer and manage small allocations to individual communities. One concern raised was that the value of these individual community quotas would be too small to provide an adequate return. The public noted that many of the goals of maintaining an economically viable community can be addressed by designing a rationalization program that addressed the economic concerns of the fisheries. The State managed Pacific cod fishery was noted as an example of a fishery that has already provided benefits to communities, although indirectly by limiting access to smaller vessels. One individual noted that modifying the existing State Pacific cod fishery could address some of these community concerns by providing additional access for small boat fishermen who are not involved in a rationalized fishery.

A number of concerns were raised about how to address management of the catcher/processor (C/P) sector under a rationalization alternative. One individual noted that a C/P representative is not part of the GOA Work Group formed by the Council to examine rationalization. One individual noted that the C/P sector's concerns are different than those in the catcher vessel (CV) sector. In particular, that the existing allocation between the C/P and CV sector in Pacific cod would not be necessary under a rationalization program that allocated catch history. One individual noted that allocations of bycatch, in

particular halibut, in a cooperative form of management is appropriate for the C/P sector because the bycatch rate in the C/P sector is well-established, whereas this rate is less well established in the CV sector. A concern was raised that aggregating bycatch between the CV and C/P sectors would disadvantage the C/P fleet. This individual also noted that fishing patterns in the C/P fleet differ from that in the CV fleet and should be considered when developing any rationalization program.

One individual noted that "gear conversion" or other incentives that can shift the harvest of groundfish resources from trawl to pot and longline gear should be reviewed carefully since this could disrupt existing fishing patterns and preempt certain gear types from productive grounds.

License Limitation Alternative

The public did not seem to favor modifying the LLP as a means to address the concerns about current fisheries management. Some felt that the LLP in Southeast Alaska would be difficult to modify since many individuals received an LLP for incidental cod harvest in the IFQ halibut and sablefish fisheries. One individual noted that restricting the LLP in Southeast Alaska may prove difficult given the large numbers of individuals with limited landings. Additionally, one individual noted that most groundfish fisheries in Southeast Alaska are conducted inside State waters.

Issues:

One key issue raised for further analysis included the need to analyze the potential effects of a rationalization alternative on the C/P fleet in comparison to the CV fleet in the Pacific cod, rockfish, and flatfish fisheries. A second issue that was recommended was to look at alternative means to initially allocate quota or fishing catch history in underutilized fisheries (e.g., some flatfish and rockfish fisheries). In particular, one individual recommended looking at establishing an auction mechanism as an alternative to allocating QS based strictly on the catch history of participants.

Seattle
Public Scoping Hearing – Draft
October 1, 2002
Doubletree Hotel, Sea-Tac

Public Attendance: Seventeen members of the public attended plus five staff from the NMFS Alaska Region and the North Pacific Fishery Management Council.

Meeting Representation: The public attending included representatives from a wide range of professional associations. Representatives from major processing, fishing, and governmental entities within the GOA region also attended, as well as a wholesale seafood purchaser from Seattle. Many of these individuals were also attending the North Pacific Fishery Management Council meeting.

Major Themes: The main issues of concern addressed by the public included the following:

Proposed Action:

There was strong support for rationalization by a wide range of members of the public. Many of the individuals present cited the range of concerns that have been raised in many of the previous public scoping meetings to support rationalization. This included the need to address concerns about the changes in fisheries management that have come as a result of the Steller sea lion litigation and the inability to adapt to changes in management economically.

Scope:

The public supported the scope of the rationalization alternatives as presented from the GOA Work Group which includes all the groundfish fisheries not currently allocated to a rationalization program West of the 140 degree longitude line. This was consistent with past recommendations during other public scoping hearings. The public did not specifically address dividing management of different regions of the GOA for purposes of creating a different management system in each region.

Alternatives:

NMFS staff reviewed some of the potential alternatives that have been suggested, including: rights-based management programs such as individual fishing quotas (IFQs); cooperatives similar to those established under the AFA; “two-pie” management with linked IFQ and processor quota shares (IPQs), and mechanisms that might regionalize the catch of groundfish species. The staff also reviewed potential modifications to the license limitation program (LLP), and status quo management. Staff invited the public to suggest other alternatives, or hybrid alternatives that should be considered as well.

General Comments

Generally, there was strong support to move toward a rights-based management alternative in groundfish fisheries in the GOA. The public had several suggestions about specific data or issues that should be fully discussed in the SEIS process. One individual noted that the SEIS should focus on considering

legally viable options and noted that the IFQ moratorium has expired so that alternative should be considered.

Rationalization Alternative

Of the various alternatives that were discussed, generally cooperative management was mentioned as the alternative that was most likely to achieve the desired goals of addressing Steller sea lion concerns and reducing the race for fish. Support for this approach came from a variety of sources, but there was strong support among the catcher/processor (C/P) fleet representatives present. A concern raised about the use of IFQ style management was that it would likely be difficult to implement a program that would allocate small QS to individual vessels as might be the case with a number of the rockfish and flatfish species. One individual noted that IFQs have had many positive benefits on profitability based on his personal experience. Several individuals, particularly those in the C/P sector felt that cooperative management was much superior given its inherent ability to allow QS to be consolidated among vessels to provide more economical and easily administered QS units. Cooperative management was particularly favored for the management of bycatch and PSC managed species by the C/P sector.

Generally, there was limited support for regional landing requirements and mixed views on whether communities should be explicitly addressed in a rationalization program. There was concern about the ability to manage a program that allocated quota to specific communities. Additionally, the public noted that it could be difficult to administer and manage small allocations to individual communities. Those present from the C/P sector stated that the current inshore/offshore allocations of Pacific cod favored communities and additional allocations to communities from the C/P sector were not necessary. One individual noted that given the small TAC's of rockfish species in the GOA that direct allocations should not be made to communities since it would disadvantage C/P vessels. One individual recommended looking at the Canadian Groundfish Development Authority as an example of allocating QS to communities. One individual noted that the historic processing history of communities should be considered in either a direct allocation to communities or as a regional landing requirement.

A number of concerns were raised about how to address management of the catcher/processor (C/P) sector under a rationalization alternative. One individual noted that a C/P representative is not part of the GOA Work Group formed by the Council to examine rationalization. One individual noted that the C/P sector's concerns are different than those in the catcher vessel (CV) sector. A concern was raised that aggregating bycatch between the CV and C/P sectors would disadvantage the C/P fleet. One individual noted that the C/P sector may be adequately homogeneous to allow them to craft their own rationalization alternative.

The "two-pie" alternative was controversial. One individual noted that PQS would disadvantage fishermen and would require arbitration in order to negotiate prices. This individual was also concerned about the possible disadvantage to fishermen that could occur if only one processor holds QS in a region at the end of a fishing season without a negotiated price. One individual noted that the analysis used in the crab rationalization EIS was insufficient. In particular, this individual noted that the economic analysis of sunk capital costs by processors as a reason for allocating PQS was unclear. This individual suggested expanded analysis on the extent of harvester vs. processor investment in the fishery, and that assertions about relative bargaining power among harvesters and processors needed more qualitative analysis. This individual also noted that there should be improved analysis on the sharing of revenue between harvesters and processors over time. One individual noted that the effects of the IFQ program on processors should be more carefully examined as well. One processor representative present stated

that processors should be given credit for past participation and supported PQS.

One individual noted that rationalization should seek to optimize market opportunities by providing a consistent fresh product throughout the year, and to "inventory" fish by leaving them in the water rather than harvesting fish quickly in large quantities. This is a concern particularly for the rockfish markets.

One individual also noted that if QS is allocated that harvests made by trawl vessels in the Southeast Outside (SEO) area should be transferable to West Yakutat since SEO has been closed to trawling in recent years.

License Limitation Alternative

The public did not favor modifying the LLP as a means to address the concerns about current fisheries management. One C/P representative noted that there are relatively few boats now and reducing numbers even further will not improve the viability of the fleet. Another individual noted that LLP modification would not improve the ability of fleets to remain competitive. One individual noted that if fisheries are rationalized and require the appropriate LLP licenses, some vessels may be disadvantaged because those vessels purchased several licenses in order to continue fishing.

Issues:

Key issues for analysis included: (1) expanding the analysis of the effects of "two-pie" management as described earlier; and (2) examining the impact of rationalization on observer coverage, fee-assessment, and allocation among vessels. In particular, one individual recommended looking at combining the analysis of GOA rationalization with the analysis on observer modifications currently being undertaken by NMFS.

**Anchorage
Public Scoping Hearing – Draft
October 25, 2002
Hilton Anchorage**

Public Attendance: Five members of the public attended plus one staff member of the North Pacific Fishery Management Council.

Meeting Representation: The public attending this meeting represented several tribal governments throughout the State of Alaska, including representatives from tribal governments in Unga (Sand Point) Tribal Council, Iliamna Village Council, and the Kodiak Area Native Association. Prior to this scoping hearing, letters were sent to tribal governments throughout the state of Alaska to solicit additional input from tribal governments and assist NMFS in fulfilling its obligation under Executive Order 13175 to consult with tribal governments. However, this meeting was open to any member of the public.

Major Themes: The main issues of concern addressed by the public included the following:

Proposed Action:

There was mixed support for the idea of rationalizing GOA groundfish fisheries. While some individuals felt that rationalization could provide a more stable fishery for tribal residents, there was general concern that rationalization could limit the ability for smaller vessels typically used by tribal members to participate in groundfish fisheries.

Scope:

The public present did not explicitly address the scope of the proposed action. One individual noted that if fisheries are rationalized, then those fisheries that are currently underutilized should also be allocated in some fashion that provides opportunities for small-boat fishermen who are tribal members.

Alternatives:

NMFS staff reviewed some of the potential alternatives that have been suggested, including: rights-based management programs such as individual fishing quotas (IFQs); cooperatives similar to those established under the AFA; “two-pie” management with linked IFQ and processor quota shares (IPQs), and mechanisms that might regionalize the catch of groundfish species. The staff also reviewed potential modifications to the license limitation program (LLP), and status quo management. Staff invited the public to suggest other alternatives, or hybrid alternatives that should be considered as well.

General Comments

Those present were most concerned that any rationalization program needed to provide explicit opportunities for tribal fishermen. The majority of comments centered around the concern that rationalization could favor larger vessels and would not provide adequate opportunities for tribal fishermen to continue moving from fishery to fishery. Concerns were also raised about the effects of

consolidation on crew member employment, opportunities for younger residents of communities, and the inability of tribal residents in rural communities to effectively obtain funding for purchasing QS. One tribal member also noted that allocations of QS to tribal or rural residents has traditionally resulted in tribal or rural residents selling their QS if financial conditions are difficult, making it very difficult for individuals to reenter a fishery.

One individual also noted that in some vessels owned and operated by tribal members are doing better now than in the past, and allocations of QS to these fishermen based on historic participation would have put them at a disadvantage.

Rationalization Alternative

Although there was not specific support for a particular rationalization alternative, there was support for providing a specific allocation to tribal governments of any quota based program, if one is adopted. An allocation to tribal governments was favored because those present felt that a tribal government is best suited to respond to the needs and concerns of tribal members. Some members of the public stated that tribal governments are likely to be concerned about providing employment opportunities and is designed to take care of tribal members, whereas, city or borough governments may benefit economically from QS allocations even if employment among community residents is not a primary goal. One individual recommended that the SEIS examine the effect of the Chignik salmon cooperative on crew member employment as an example of the potential effects of the consolidation that may occur under a rationalization program.

The "two-pie" alternative was strongly opposed. Those present were concerned about the precedent set by the felt that the allocation of PQS would severely disadvantage tribal fishermen in price negotiation. One individual stated that issuing PQS seems to be contrary to the goals of fishery management. Others were concerned that if processors are issued PQS they will be able to cooperate in ways that would "squeeze out" local fishermen in communities. One individual noted that regulations control, where, when, and how an individual can fish, but restricting where a fishermen can sell his catch was not appropriate. One individual also noted that rationalization should provide an opportunity for custom processing of fish since this was an effective way to allow income from small fishery quotas and issuing PQS would limit the ability to custom process. This individual also noted that if fishery quotas decrease and there is lower overall processing, custom processing is likely to increase. There was a general concern that the limited range of shares allocated to vessels in the crab rationalization without associated processor QS (A shares) would be too small to allow the development of independent processing given the potential competition with larger processors that would receive processor QS.

License Limitation Alternative

The public did not specifically address modifying the LLP as an alternative.

Issues:

The public expressed concern about general issues about government-to-government relations with NMFS. In particular, the tribal entities requested additional efforts from NMFS to establish effective communication with tribal entities, designate a contact person within the Alaska Region, and more fully incorporate comments from tribal members and governments in fishery management decisions and in scientific assessments. One individual recommended working with regional tribal entities.

Appendix B: Written Public Scoping Comment Summary

Comment 1:

Defined rationalization as rights-based management.

Offered minor suggestions to amend the Council's Problem Statements and Objectives.

Noted that the Central GOA should be rationalized even if other areas are not.

Favored comprehensive rationalization of all fishery species.

Recommended including Target and Non-Target species in a rationalization program, particularly for the purposes of managing halibut bycatch.

Stated that there will be improved conservation by improving recovery rates, reducing discards, and stated that a separate regulatory process could be used to add new conservation measures to the fishery.

Resolving community protection measures will be difficult.

Comment 1A (Same commenter as 1)

Reviewed community protection measures considered by GOA Work Group.

Noted concerns and detailed difficulties in allocating CDQ-like QS to communities in the GOA.

Advocated the recognition of historical processors in a rationalization program.

Detailed mechanisms for reducing halibut mortality through the use of a bycatch cooperative and provided detailed economic data on the potential benefits of various rationalization programs.

Defined rationalization as either a cooperative or 'two-pie' management model.

Comment 2

Advocated rationalization using an AFA style cooperative.

Opposed the use of CDQ and allocations to skipper and crew.

Recommended allocating rockfish QS based on the best 3 out of 5 or 5 out of 7 qualifying years.

Comment 3

Opposed rationalization.

Advocated a "reforestation" plan that would require those profiting from fisheries to replenish or pay for their harvests.

Allow Native Tribes to receive bycatch.

Calculated the number of square miles that would be "revegetated" by allowing a rotational harvest of the permitted vessels.

Comment 4

Noted concerns and detailed difficulties in allocating CDQ-like QS to communities in the GOA.

Advocated the recognition of historical processors in a rationalization program.
Recommended that certain fisheries may be most appropriate to rationalize now including POP, and Pacific cod using 1995-2001 as qualifying years for QS allocation.
Separate rationalization will allow fisheries to be tailored to their needs.
Advocated incorporating conservation concerns as a separate measure that be applied after a rationalization program were approved.
Noted that it is vital to consider community protection through landing requirements, but not through direct QS allocation.

Comment 5

Raised concerns about the economic viability of CDQ style allocations in the GOA and its effect on existing interests in the fisheries.
Allocation of IPQs would undermine the ability of harvesters to remain competitive.
Agreed that conservation concerns needed to be addressed, but should be done through a separate process. Concerned about the effect of additional measures on the analysis and the ability to adequately address those issues.

Comment 6

Concern expressed by a vessel owner about the implications of GOA rationalization on their vessel which holds LLPs from a previous vessel and a C/P.
Vessel owner noted the extensive history of this vessel in the Pacific cod fishery.

Comment 7

Advocated rationalization to address pressing economic conditions.
Opposed the use of CDQ and allocations to communities as uneconomical.
Recommended recognizing the historic role of processors, but found the concept of allocating IPQs as unsettling.
Recommended that certain fisheries may be most appropriate to rationalize now.
Believed that all gear types in a given area should be rationalized at the same time.
Advocated incorporating conservation concerns as a separate measure that be applied after a rationalization program were approved.
Stated that bycatch caps for trawl vessels should be addressed by the Council no trough the SEIS.

Comment 8

Advocated rationalization to address pressing economic conditions.
Recommended rationalizing all areas and sectors at the same time.
Suggested only recent history in the allocation of QS.
Noted that the best 2 or 3 years would better represent actual fishing or processing history.
Qualifying years should be the same for processors and harvesters.
Allow vessels to deliver only to those processors for which they have history.

Gear conversion from trawl to fixed gear is not a conservation issue and should be left out of the process.

Comment 9

Supported rationalization in a comprehensive fashion to avoid "spillover" effects to other fisheries, and advocated considering BSAI fisheries not currently managed under a rationalization program.

Recommended the allocation of catch history to a cooperative which may be used independently or in a cooperative for the C/P sector.

Opposed the application of CIFTs, GDAs, or other community protections to the C/P sector for fully exploited species. Provides some concepts for addressing these proposals for underutilized species

Recommended a provision to allow transfer on C/P QS to the CV sector.

Submitted a detailed proposal which is tailored to the Elements and Options currently being developed by the GOA Work Group.

Comment 10

Expressed neutrality on whether GOA groundfish fisheries should be rationalized.

Concerned about the potential effects of rationalization on coastal communities, suggested LLP reduction or "fair start" provisions could address some of these concerns.

If rationalization occurs, recommends inclusion of all species to avoid "spillover" effects.

Presents three models for community allocations CIFTs, TURFs, and GDAs. The potential benefits and disadvantages of these approaches is addressed.

Supports the inclusion of skipper and crew shares for purposes of analysis.

Noted that IPQs appear to disadvantage communities. Expressed concern about analysis supporting processor concerns about stranded capital.

Did not recommend cooperative management unless community protections are explicitly provided.

Not certain that the GOA Work Group recommendations are adequate for analysis and recommended that the public scoping period ought to have been extended until the GOA Work Group completed their task.

Comment 11

Advocated rationalization, and recommended several alternatives for analysis.

First preference was for the allocation of IFQs to address pressing economic concerns in the fishery.

Second option was for a closed processing class in conjunction with an IFQ program. Qualifying years would be the last 3 of 5 years. A suboption to sunset this limited processing licence was recommended.

Third option was for a small processing entity protection mechanism that would guarantee a certain minimum amount of processing rights to smaller processors.

The commenter noted the extensive economic involvement of his processing company in the Kodiak region.

Concerned about the potential economic advantage that IPQs may confer to larger processing entities.

Comment 12

Recommended proceeding with rationalization as quickly as possible.

Noted that rationalization could address a wide range of environmental concerns and provide increased benefits to fishermen and communities.

Comment 13

Recommended maintaining existing IFQ fisheries with status quo management.

Recommended that the alternatives should carefully follow the Council's problem statement and not be concerned primarily with reallocation.

"Timely resolution" should be an objective added to the Council Objectives.

Evaluate the alternatives based on their legality and noted that NOAA GC expressed concerns about the legality of some landing provisions in the Crab Rationalization EIS.

Add "compatibility" as an Objective.

Recommended a cooperative for the WGOA C/P sector.

Recommended an expansion of the GOA Work Group's LLP alternative.

Recommended that quality and efficiency be fully considered in the alternatives being developed.

Opposed limiting CDQ participation in the GOA rationalization alternatives.

Submitted a detailed proposal previously send to the GOA Work Group.

Comment 14

Commented on the membership in the GOA Work Group as having inadequately considered the C/P sector.

Commented on the historical basis for the inshore/offshore Pacific cod allocations and raised concerns that this allocation may not be "rational" in the sense of the goals of this proposed action.

Recommended basing rationalization on vessel designation.

Recommended basing catch history on retained catch but noted its effect on the C/P sector.

Provided an example on the BSAI multi-species CDQ program as a concern about small TAC allocations to individual vessels and noted that the same condition could result in the GOA if QS is individually allocated.

Raised concern about SEO trawl closure.

Opposed analysis comparing "Alaskan" to "Outside" entities in the SEIS.

Raised concerns about the Problem Statement and the Objectives.

Noted that the structure of a rationalization program will be affected by the particular goals of the participants.

Provided detailed comments on the potential structure of a halibut PSC cooperative as a

mechanism to allocate QS among participants.

Provided extensive detail on the structure of such a cooperative program for trawl and fixed gear vessels.

Expressed concerns about QS programs that they do not provide adequate flexibility without a cooperative structure.

Recommended rationalization via PSC-based cooperatives.

Recommended the range of alternatives that have already been recommended through the various public scoping hearings.

Provided additional element and options for incorporation in the GOA Work Group product.

Attached two letters providing additional detail on concerns in the C/P sector and various elements and options.

Comment 15

Provided a background on the history of Pacific cod fishing in the Cordova region and the effects of the current management boundaries on harvests in the region. Expressed concern that the TAC is frequently taken in more easterly regions of Area 630 prior to adequate spawning and fishing concentrations in the Cordova region.

Proposed the creation of a separate area in the PWS region that would have a separate allocation to allow access for local fishermen.

The region would open with the IFQ halibut and sablefish season to minimize potential halibut bycatch during other portions of the season.

Comment 16

Recommended analysis of IFQs as an alternative.

Recommended analysis of a closed class of processors with a suboption to phase out this closed class over a specified period of years.

Recommended analyzing an alternative that limited the allocation to the closed class of processors.

Opposes the use of IPQs.

If IPQs are considered, then the SEIS should include in the analysis options that limit vertical migration of IPQs, including options that prohibit joint ownership of vessels and IPQ.

Recommended analyzing the potential effects of IPQs on a small class of processors, the number of harvesters, foreign ownership, ownership use caps, and other factors related to limiting ownership.

Comment 17

Defined rationalization for this process.

Provided detailed description as to why rationalization is necessary.

Explains and advocates QS management in the GOA as a means to address a range of economic and environmental concerns in the fisheries.

Noted that cooperatives may provide the most flexible and adaptable alternative for management

particularly to address PSC management.

Noted the potential conservation benefits that may result from cooperative management by lowering bycatch.

Advocated that IPQs will address the concerns of processors to maximize the potential benefits in the fishery.

Recommended establishing a review mechanism to ensure regular adjustments fo the program.

Noted that allocations to communities in the GOA is unworkable given the small TAC available in the GOA.

Noted that rationalization is justified.

Alternative 1. Status Quo (No Action Alternative)

Alternative 2 Modification of License Limitation Program (LLP)

Alternative 3 Quota Share Based Program

Subalternative 1 Harvester only quota share program (IFQ)

Subalternative 2 Harvester only quota share program (Cooperatives)

Option 1. Voluntary Co-operatives

Option 2 Mandatory Co-operatives

Alternative 4 Quota Share Based Program with Closed Processor Class

Subalternative 1 Harvester QS

Subalternative 2 Harvester QS- Closed Class processor Co-op
(AFA style)

Alternative 5 Harvester and Processor Quota Share Program (2-Pie)

Subalternative 1 Voluntary Co-op with allocated IFQ/IPQ
(IFQ and IPQ allocated independent of Co-op)

Subalternative 2 Mandatory Coop with allocation of IFQ/IPQ
(IFQ and IPQ allocation dependent on Co-op formation)

STATE OF ALASKA

TONY KNOWLES, GOVERNOR
AGENDA C-2
DECEMBER 2002
SUPPLEMENTAL

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

P.O. BOX 25526
JUNEAU, ALASKA 99802-5526
PHONE: (907) 465-4100
FACSIMILE: (907) 465-2332

November 18, 2002

Chris Oliver, Executive Director
North Pacific Fishery Management Council
605 W 4th Suite 306
Anchorage, AK 99501-2252

RECEIVED

NOV 25 2002

N.P.F.M.C.

Dear Mr. Oliver:

I received your October 15 letter regarding the Council's Gulf of Alaska (GOA) work group request for information from the State regarding coordination of efforts to rationalize the groundfish fisheries in adjacent federal waters. The GOA work group has laid out a comprehensive set of policy and technical questions for us to explore, and I do want to make certain we spend the time evaluating the various alternatives the work group is considering.

A more comprehensive response to your letter will require discussions and coordination with our Attorney General's Office, Commercial Fisheries Entry Commission, legislative leaders, and members of the Alaska Board of Fisheries. We anticipate sending you a response by the first of the year.

In the meantime, our data information specialist, Susan Shirley, will provide a response to the information request contained in your letter.

I hope this time schedule meets with your approval.

Sincerely,



Kevin C. Duffy
Deputy Commissioner

cc: Susan Shirley

**John T. Evich
2051 North Shore Rd.
Bellingham, WA 98226**

November 22, 2002

Attn: David Benton, Chairman
North Pacific Fishery Management Council
605 W. 4th Stc 306
Anchorage, AK 99501

RE: C-2 Gulf of Alaska Rationalization

Dear Mr. Benton,

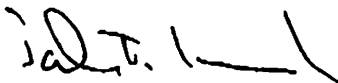
I own and operate a small Trawler based out of Sand Point, Alaska.

There is no reason to belabor what rationalization in the Gulf will accomplish. I think everyone in the Gulf now agrees that rationalization will now happen, and I support it. The question that concerns me most now is when?

I congratulate the council on passing Crab rationalization and I anticipate and hope that it will be enacted in January 2004. At this point, what terrifies me most is that the council spends a year working on Gulf sideboards. What has happened with AFA sideboards is, although I understand them, they have been exceedingly unfair to us Gulf ground fishermen. What I implore the council to do is to pass Gulf rationalization as a sideboard to Crab rationalization. That is the only fair sideboard. Failure to act sooner rather than later will result in many more business failures.

Please make the inevitable timely so we can hope for a future and still survive.

Sincerely,



John T. Evich
Owner/Operator
F/V Karen Evich

COMMISSIONERS:

CLIFF ATLEO
PORT ALBERNI, B.C.
JAMES BALSIGER
JUNEAU, AK
RICHARD J. BEAMISH
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RALPH G. HOARD
SEATTLE, WA
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OMER, AK
JOHN SECORD
VANCOUVER, B.C.

INTERNATIONAL PACIFIC HALIBUT COMMISSION

ESTABLISHED BY A CONVENTION BETWEEN CANADA

AND THE UNITED STATES OF AMERICA

DIRECTOR
BRUCE M. LEAMAN

P.O. BOX 95009
SEATTLE, WA 98145-2009

TELEPHONE
(206) 634-1838

FAX:
(206) 632-2983

November 19, 2002

RECEIVED
NOV 22 2002
N.P.F.M.C

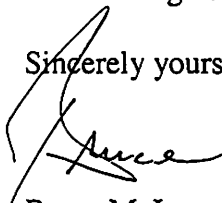
Mr. Chris Oliver
Executive Director
North Pacific Fishery Management Council
605 West 4th, Suite 306
Anchorage, AK 99501-2252

Dear Chris:

Thank you for your letter of October 15, 2002, requesting additional views by the Commission staff on issues relating to the Council's efforts at rationalizing the Gulf of Alaska fisheries. The IPHC staff has assembled a response to the four items raised in your letter and this response is enclosed.

Mr. Gregg Williams of the IPHC staff will be attending the meeting of the GOA Working Group in Anchorage on November 25 and can answer any questions the Working Group may have.

Sincerely yours,



Bruce M. Leaman
Executive Director

Encl.

cc: Commissioners

IPHC response to October 15, 2002 letter from Mr. C. Oliver, Executive Director, NPFMC

The North Pacific Fishery Management Council requested IPHC staff's perspectives on the following options under its consideration for rationalizing the Gulf of Alaska Pacific cod hook & line fishery. The IPHC staff's comments follow.

Council Options

- 1) *Open the directed Pacific cod fishery on January 30 and allowing halibut bycatch retention of 10 to 20% during the period of January 30 to the start of the halibut IFQ season, and from the end of the halibut IFQ season to December 15.*
- 2) *Open the directed Southeast Outside DSR fishery on January 30 and allowing halibut bycatch retention of 10 to 20% during the period of January 30 to the start of the halibut IFQ season, and from the end of the halibut IFQ season to December 15.*

Staff Comments

Both of these measures would require action by IPHC to either (1) extend the fishing season to allow for the proposed retention, or (2) to provide for an exemption to allow retention of halibut caught out of season within specific fisheries. Authority for setting the commercial halibut fishing season rests solely with IPHC. The IPHC staff has no comment on the level of allowed retention as long as the proposed changes do not increase bycatch mortality above current levels. Although not explicitly stated, we assume that only halibut IFQ holders would be permitted to retain halibut. If this were not the case, the Commission would have strong opposition to this measure.

The staff does not believe we will ever have knowledge sufficiently detailed to predict stock movements among regulatory areas with precision sufficient to incorporate into annual management. Rather, the assessment will deal with the aftermath of whatever movements do happen, and treat all removals from an area as belonging to that area's stock unit. The assessment will continue to guarantee conservation on a stock-wide basis but we cannot guarantee that the present biomass distribution by regulatory area will persist. Indeed, the likely outcome is that this distribution will change, roughly in proportion to the magnitude of the winter removals.

The IPHC staff does see the possibility that retention by the cod fishery may become an allocation issue in the future. As presently constructed, the option applies only to one user group, the cod hook & line fishery, and not to other fisheries. From the IPHC staff perspective, this creates an inequity, as other fisheries are not permitted the same opportunity. Should the Commission choose to amend either the season or retention permissions, it might also consider this proposal more broadly, i.e., allowing any halibut IFQ holder to retain halibut in other fisheries *within the constraints of the IPHC season and management program*, subsequently providing the NPFMC the opportunity to restrict the privilege to fisheries of its choice (e.g., cod or rockfish).

The administrative issues surrounding out-of-season retention should not be ignored. Currently, the halibut catch limits are not set by IPHC until late January. No fishing, i.e., retention, can occur until the catch limits are set. If the intent is to allow retention beginning on January 30, the

IPHC Annual Meeting, where halibut catch limits are determined, would likely need to be scheduled in early winter, such as November and no later than mid-December. NMFS RAM Division and IPHC require a minimum 6-week lead time between the Annual Meeting and the opening of the season for issuing quota shares and implementing IPHC regulations. The issuance of quota shares, under/overage programs and enforcement of quota shares would need to be reviewed. The IPHC staff estimates a 2-year lead time for NMFS RAM Division, the Council, and Enforcement to make such a change to its process.

The NPFMC should be aware that extending the halibut season has been seriously debated by the Commission and the halibut industry for three years. Although no changes have been made to the season dates, the Commission is certain to hear an increasing call from the industry at the 2003 Annual Meeting for season extension.

Council Options

- 3) *Possible impacts on the directed halibut fishery associated with treating halibut bycatch, in a rationalized hook and line Pacific cod fishery in a similar approach to that used for halibut bycatch in the IFQ sablefish fishery.*
- 4) *Possible impacts on the directed halibut fishery associated with treating halibut bycatch, in a rationalized Pacific cod pot fishery in a similar approach to that currently used.*

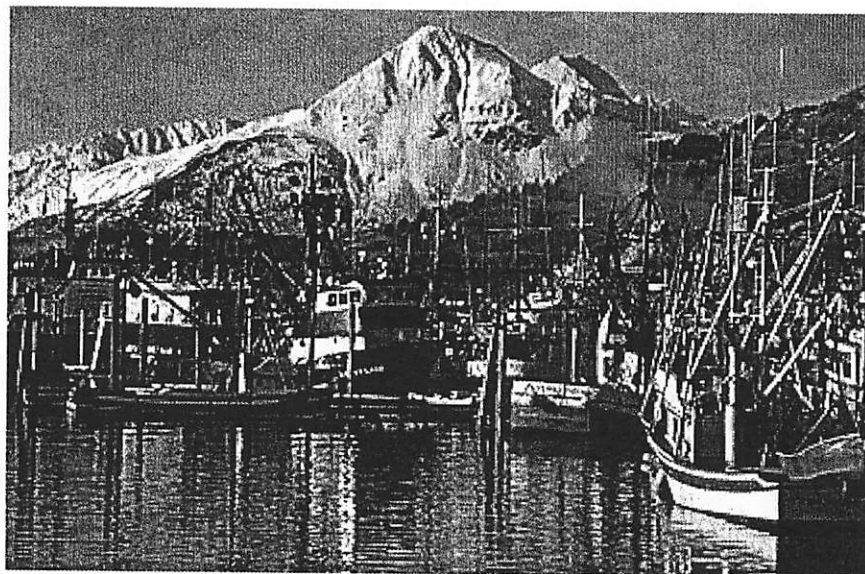
Staff Comments

At the heart of these proposals is a desire to manage halibut bycatch in a 'rationalized' cod fishery in the same manner as in the IFQ sablefish fishery. That is, to fully account for any bycatch which occurs, but exempt the fishery from any closures due to the attainment of a bycatch limit (cap). Without such an exemption, a race for bycatch is almost certain to result, as IFQ holders race to catch their IFQ before the fishery closes due to bycatch cap attainment. This race will usually result in higher bycatches than usually seen. The NPFMC removed the IFQ sablefish fishery from the bycatch limits in 1995, as it realized the possibility of a closure and the detrimental effect on the IFQ program. The Commission and staff have encouraged programs that reduce halibut bycatch where ever possible, so would probably look favorably at a proposal that would discourage a race for bycatch if the cod hook & line fishery becomes rationalized. The cod pot fishery is already exempted from halibut bycatch closures, so it is unclear what changes would occur in a rationalized cod pot fishery.

Presentation to NPFMC, December 2002

Public Scoping Report

Supplemental Environmental Impact Statement Gulf of Alaska Groundfish Rationalization



Get more information at:
<http://www.fakr.noaa.gov>

Public Scoping

Before decisions are made, the public can provide input to the Council and NMFS through the Environmental Impact Statement (EIS) process.

Public scoping is an early stage in developing an EIS.

Comments on:

Proposed Action:	What should be done.
Scope:	Where we should do it.
Alternatives:	How we should do it.
Issues:	What we should analyze.

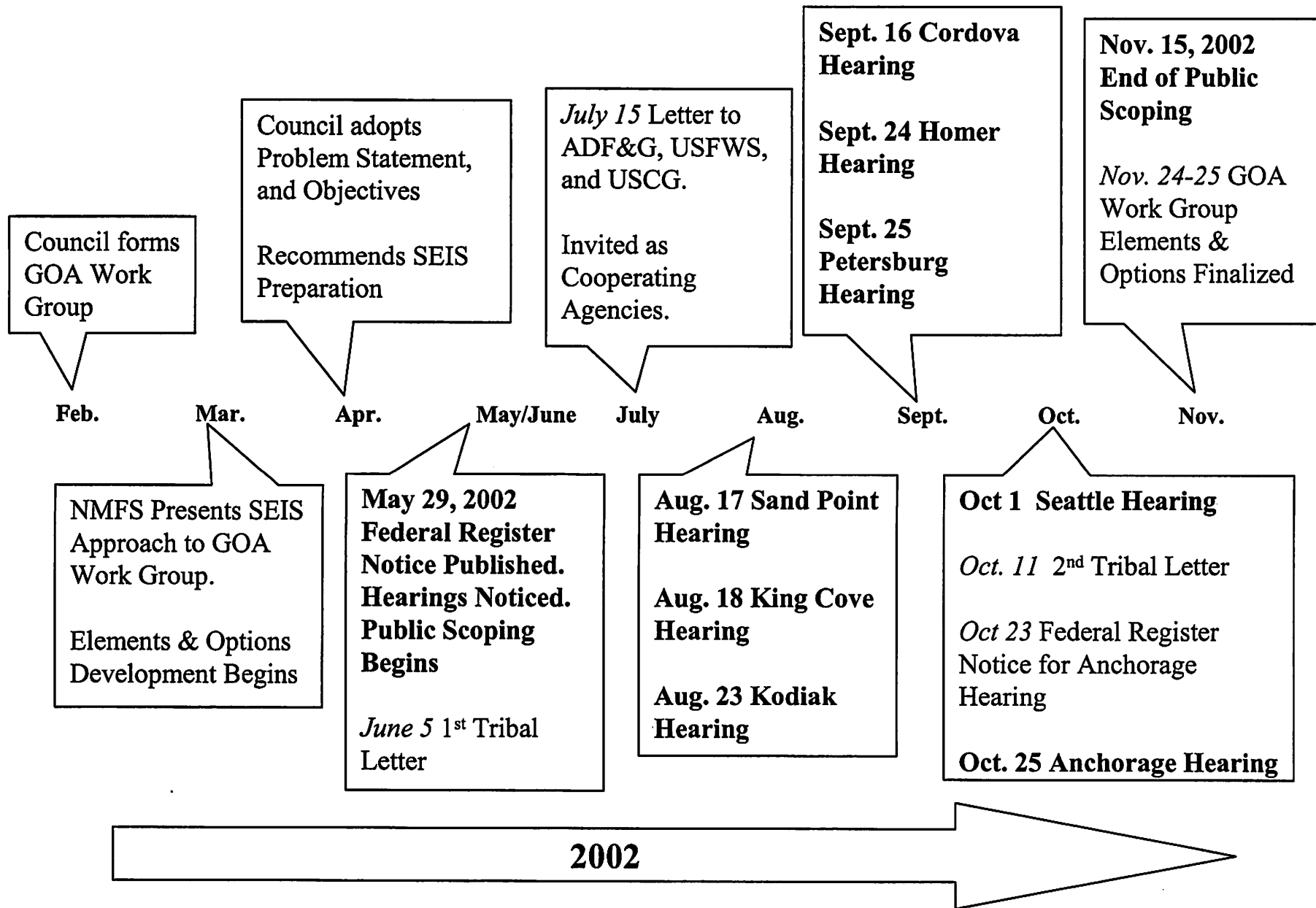


Figure 1: Timeline of GOA Rationalization SEIS

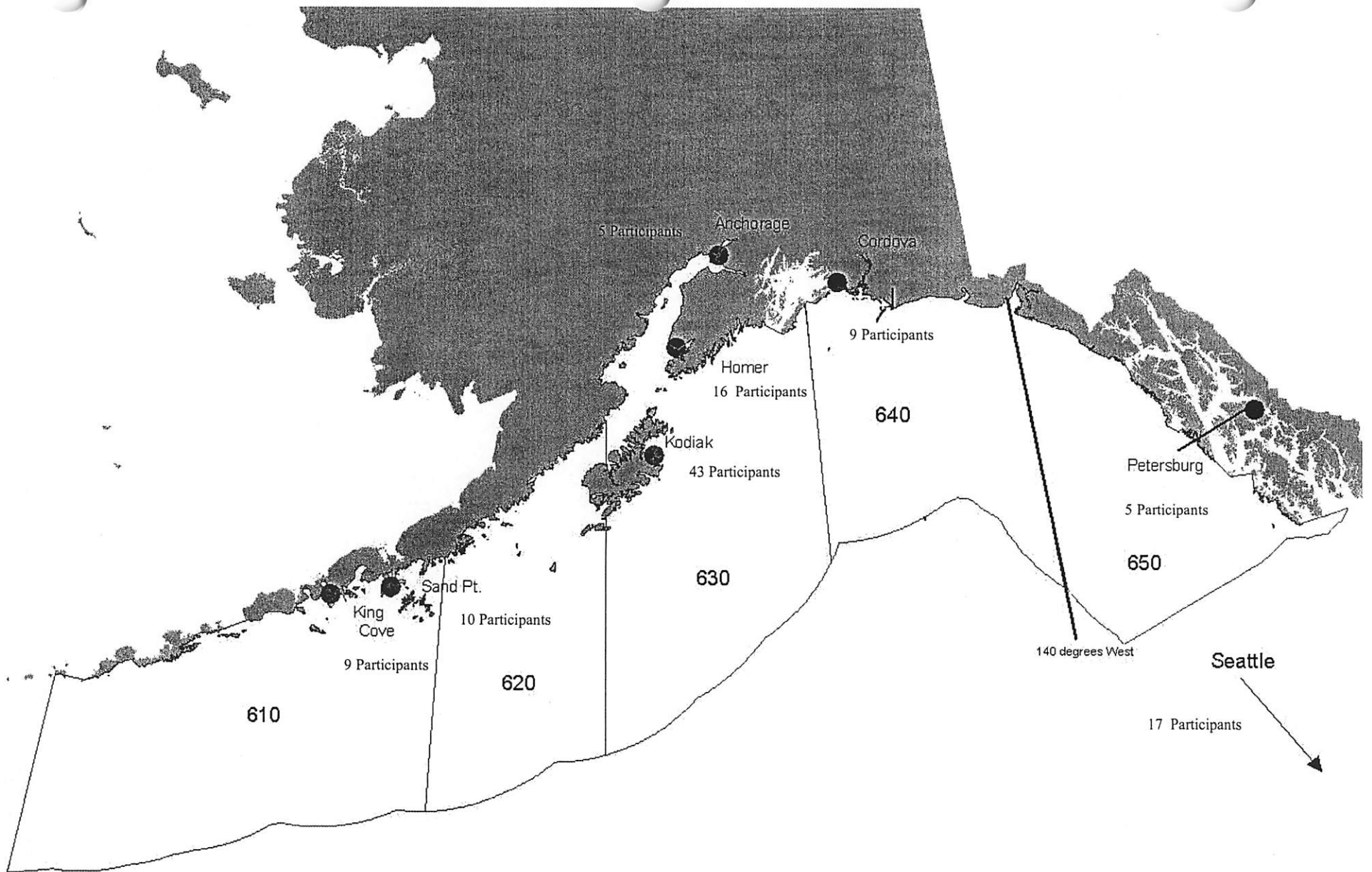


Figure 2: GOA Rationalization SEIS Public Scoping Hearing Locations

Problem Statement

The Council adopted a Problem Statement and Objectives for GOA Rationalization in April 2002

- Most public hearing comments agreed with these objectives. Strong interest in addressing “race for fish” and address SSL concerns.
- Comments in King Cove and Sand Point recommended “Fair Start” and one written comment proposed alternative measures.

Scope

The Council formed a GOA Work Group to review specific areas and fisheries. It recommended:

- Rationalization or other management measures for all groundfish fisheries in the Federal waters of the Gulf of Alaska – possibly excluding fisheries East of 140 degrees (Cape Suckling).
- Most public hearing comments agreed with this scope. Some comments for “target” species only.
- Limited support for separate regional approaches to rationalization.

Alternatives

Strongest support for rights-based alternatives,

- Limited support for LLP alternative – Except H&L C/P.
- Coops generally the preferred rationalization alternative. Kodiak, Petersburg, and Seattle strongest support
- Strong opposition to the use of “two-pie” in public hearings and in most written comments.
- Community allocations not strongly supported, regional landing requirements supported more generally. Tribal concerns raised during Anchorage meeting.

Issues

- General concern about how to address management of the parallel fisheries during public hearings.
- Several requests to review and revise the “two-pie” analytical approach used in the Crab Rationalization SEIS.
- Concerns by C/P sector to be more fully integrated into the GOA Work Group and rationalization process.
- Review potential impacts on observer program.

PUBLIC TESTIMONY SIGN-UP SHEET FOR
AGENDA ITEM C-2 GOA Rationalization

PLEASE SIGN ON THE NEXT BLANK LINE.
LINES LEFT BLANK WILL BE DELETED.

	NAME	AFFILIATION
1.	TERESSA KANDIANIS	KODIAK FISH COMPANY
2.	JOHN GAUVIN/LORI SWANSON	GROUND FISH FORUM
3.	Anthony Childers	AMCC
4.	Susan Robinson	Fishermen's Forest
5.	Thom Smith	NPLA
6.	DAVE LITTLE	
7.	GERRY MERRIGAN	PROWLER
8.	Julie Benney	AGDB
9.	Pat Carlson	KIB
10.	MIKE AFFIERI	IN-OCEAN STORM
11.	FERRY HAINES	Fish Heads
12.	Belin Stewart	AEB
13.	Jeff Stephan	UFMA
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25.		



Fishermen's Finest, Inc.

1532 N.W. 56th Street ■ Seattle, WA 98107
TEL: (206) 283-1137 ■ FAX: (206) 281-8681

C-2
Susan
Robinson

November 15, 2002

Sue Salveson, Assistant Regional Administrator
Sustainable Fisheries, Alaska Region, NMFS
P.O. Box 21668
Juneau, AK 99802

RE: Public Comment on Gulf Rationalization

Dear Sue:

NMFS has requested comments on management measures proposed for the Gulf Rationalization. In addition to addressing several issues, we have attached three items: one is the Fishermen's Finest, Inc. nomination of Susan Robinson to the Gulf Rationalization Workgroup, the second attachment is a copy of the Fishermen's Finest Proposal for Trawl Catcher Processors, and the third item is a copy of the North Pacific Longline Association Proposal for Freezer Longliners. Both of these Proposals were submitted to the Gulf workgroup committee, and both have been altered by that Committee. This has had the effect of changing the intent of each proposal. We submit these now for the public record so that options listed in each proposal may become part of the public record and the NMFS/Council set of options for Gulf Rationalization.

Comments on Gulf Workgroup

In order for the Council to develop a fair set of rationalization options, all sectors of the industry should have been considered for the Workgroup. There was not one catcher processor or freezer longliner representative appointed to the Workgroup, despite nominations to the Council for several people from those sectors. Having to work through members that represent shoreside interests disadvantages the offshore sector due to conflicting agendas of each group. The combined catcher processor proposals that the Workgroup posted on the web for the public did not fully represent the individual proposals to date. Even assuming that certain issues were omitted accidentally, it is difficult for the catcher processors to have fair representation of their interests and issues under such a committee.

Such a one sided Council appointed committee would seem to violate National Standards which ensures fairness and equitability in managing fisheries. Investments made at the offshore sector are no less important than those made in the inshore sector. Catcher processors make up a community that is dependent on fishing, and supports communities of vendors who are dependent on fishing. These offshore fishers and support sectors are

no more or less important than an inshore vessel or plant. We believe that the Workgroup as appointed was not representative of the fishers in the Gulf of Alaska, and therefore the product which comes from that group must be amended to better represent offshore interests.

Rationalization Gone Awry

The first paragraph of the abbreviated version of the scoping document states:
“Rationalization may be defined as the process of improving the economic stability to the various participants in the fishery...the Council is considering these new management policies at the request of the GOA groundfish industry to address its increasing concerns about the economic stability of GOA groundfish fisheries.”

Rationalization is only rational if you're in it. In order to be in it, the fish has to be divided fairly and in a way that does not preclude participation at historic levels and does allow one fleet to pre-empt another. The following examples of rationalization/allocative schemes illustrate how economic stability and historic participation can be jeopardized by even the best intentions.

For example, inshore/offshore split of the pollock and pacific cod in the Gulf was designed to prevent the offshore sector from pre-empting the inshore sector. The result was complete ousting of the offshore sector for pollock, which doesn't seem to reduce pre-emption so much as totally displace a fleet. Another result was designating 10% of the pacific cod to the offshore sector that was over 125 ft and processed a certain amount of fish weekly. The actual result of this is that without dividing the halibut into inshore and offshore as well, the inshore and offshore fleets and the trawl and fixed gear fleets have the ability to pre-empt and to unfairly benefit from that split. For example, frequently the shoreside fleet uses up the halibut. The offshore is pre-empted from harvesting their portion of the TAC since shoreside rates have shut the shallow water complex down. The remaining fish is no longer available to the offshore trawlers even though it was a shoreside rate that shut down halibut. The same situation can occur with fixed gear. Offshore rates could also shut down the fishery, shutting down shoreside as well. The only fleet that ultimately can continue fishing the remaining inshore and offshore cod quotas is the pot fleet because they are presumed not to have halibut bycatch. If inshore and offshore halibut had been divided along with the cod quota, then either inshore and/or offshore would have been able to harvest more of its own quota.

This example of an attempted rationalization put both sectors at a disadvantage because the halibut consumption of each sector could close the fishery and preclude the other fleet from harvesting its TAC. The inshore/offshore halibut issue needs to be addressed because all have suffered from pre-emption.

If the intent of rationalization is to try to keep participant whole, and economically stable, then the pacific cod catch history must be further rationalized so as not to further hinder the offshore participation.

The offshore TAC cannot be rationalized at its current 10% and at the same time assume that all CPs will fish out of the 10%. There are many inshore designated CPs. If all CPs were made to fish from the 10%, the offshore designated CPs would have a great reduction in their historical catch if the inshore designated CPs were lumped into the "offshore" cod category.

Rationalization of the cod must be based on vessel designation, either inshore or offshore, and their catch history award must come from that sector's fish. If, for coop purposes, it was decided that all CPs shall be in one coop, then the cod given to that sector must be the equivalent of the offshore plus inshore CP cod history – not just the 10%. If, for example, the actual amount of total CP cod harvested was closer to 20% of the TAC, then to have the cod history of all CPs come out of only offshore's 10% would greatly jeopardize economic stability of all CPs that fish cod in the Gulf.

In summary, Inshore/Offshore represented a great reduction in allocation to the offshore sector. Rationalization that favors one sector over another, without regard to historical participation, is in opposition to National Standards covering fairness and equitability and should not be approved by the Secretary.

Basing catch history on retained catch apparently is the only way to rationalize the Gulf, because of issues with observer coverage, fish ticket data and the weekly production reports. Based on this alone, the Gulf participants are not whole because it takes a certain amount of discarded bycatch and smaller fish to catch that which was retained. If there is a way to determine total catch for inshore and offshore, that must be evaluated as the fair way to measure catch history. Those of us who pay for 100% observer coverage should benefit by getting total catch history. The unobserved total catch can be applied to the remaining vessels based on their catch history percentages. Adding quota share and the so-called "social engineering" programs on top of this will disadvantage the Gulf fishers even further.

The Bering Sea multi-species trawl CDQ program has shown us what happens when species TACs are carved up and doled out to 5 groups which in turn carve them up again and spread them among 3 more fishing groups. 18 different entities have varying amounts of fish to work with, and when they reach their limit, they shut down. A consequence is that fish is left in the water (and OY is not achieved) because the individual amounts are too small to manage or to risk an overage by putting your net or line in the water. In the Gulf, there are literally hundreds and hundreds of participants, not simply 18 as with the CDQ groups.

Quota share programs that allocate species with small TACs in the Gulf risk the same situation as CDQ. The allocated TACs are too small to manage on a per vessel basis, and will prevent fishers from harvesting all their quota of target species. Those who have benefited from rationalized fisheries such as pollock, halibut, and sablefish, have target species that comprise a much greater percentage of the total species composition than the Gulf trawl fisheries. The Gulf trawl fisheries are a multi-species fishery, not unlike the CDQ multi-species trawl fishery. We are concerned that a quota share program that

divides up all the TACs will prevent the ability to prosecute the target because of bycatch constraints, just as in BSAI trawl CDQ. When the quota share program is further eroded by set aside TACs for skippers, entry-level fisheries, and communities, and retained catch only history, the Gulf will never again be whole and there will be a net loss to both inshore and offshore sectors from this type of rationalization.

The License Limitation program ended trawl participation in the Southeast Outside area. This was a rationalization scheme that prejudiced the trawl sector in favor of the fixed gear sector. Rationalization that favors one gear type over another, without regard to historical participation, is again contrary to our National Standards and should be not be approved by the Secretary.

(Even when the pollock fishery was rationalized in Congress, that sector had to “give up” something in exchange for exclusive access to the resource: Gulf participation was limited, and catch history from the retired vessels will be extinguished in any further rationalization programs. The fixed gear sector that received exclusive access to the Southeast Outside fishery resources has not had to “give up” anything.)

Federally funded analyses for rationalization, which identify the number of “Alaskans” versus “Outside” entities affected by a particular option, should be discontinued immediately (see Groundfish License Reduction Program Tables, Draft, Sept 2002, prepared by Northern Economics). The 3-200 mile zone off of Alaska is the U.S. Exclusive Economic Zone. Analyses that statistically illustrate effects on one state’s citizens over other generic states’ citizens are biased analyses. This is egregiously counter to National Standards and should be expressly prohibited by the Secretary.

The Problem Statement and Objectives

Clearly, the questions of “Does the problem statement describe the need for rationalization? Are the objectives the right ones?” can be answered yes and no, based on your experiences and hopes in and for your participation in the Gulf fisheries. What is more important to Fishermen’s Finest, is “If further rationalization is chosen, does it satisfy National Standards, particularly in terms of fairness and equitability?” If that were achieved, then the objective would be met.

The Rational Solution

Fishermen’s Finest, Inc. is concerned of matters of equity, accessibility and maintaining historic participation levels, thereby preserving capital investments made in these fisheries.

We are concerned that quota share programs have the ability to erode historical participation.

With a quota share program, new entrants will have to either buy their way into the fisheries, or a portion of the TAC will have to be set aside, eroding historic participation.

With a quota share or catch allocation program, rationalization decisions can be influenced by entities that are interested in selling quota rather than actually continuing to fish. The ramifications of these decisions will only be felt by those fishers that continue fishing.

This is one of the biggest contradictions of rationalization: is it driven by a need to sell out or is it driven by a desire to fish? If it is driven by a desire to fish, rather than to derive money from the quota, the outcome will be very different. It will be rational and will result in fishable quota/coop apportionments. If it is driven by a desire to sell out, deals will be made to accommodate others that can negatively influence the outcome for a particular sector. The deal makers/traders will not feel the effects of their trade since they no longer fish.

What is a rational "deal" or "agreement" with another sector for a fisher who wants to sell his/her quota may be a totally irrational agreement for a fisher who wants to continue fishing. How do we prevent these conflicting interests from driving the process?

PSC Bycatch Coops

Currently halibut is apportioned into shallow water and deep water complexes. This creates a race for halibut. It is not divided into inshore or offshore, although it is divided between trawl and fixed gear. Eliminating the race for halibut by apportioning it to PSC Bycatch coops, and preventing pre-emption, achieves all of the goals of the Problem Statement and Objectives:

- Increases economic viability of harvesters, processors and communities (no pre-emption)
- Decreases bycatch (better bycatch avoidance when not in the race for fish)
- Increases safety (eliminates need to go out in unsafe conditions when not racing for fish)
- Increases product value and utilization (fish more slowly and deliberately, more attention to quality when not in race for fish)
- Ensures community stability and historic reliance (and increases it for prosecution of under-utilized TACs by not racing for halibut and using better PSC avoidance gear modifications)
- Increases the ability to respond to changes in the ecosystem (removes artificial seasonal constraints)
- Increases ability to adapt to MSA requirements to minimize bycatch and protect habitat (increases harvesting flexibility and gear modifications by eliminating race for bycatch)
- Increases ability to adapt to changes to other laws (by providing more flexible and adaptive management framework under which to prosecute fisheries)

- Maintain the character of the fleet and allow for meaningful reduction of excess capacity (through consolidation of halibut or sale of permit, any fleet can orchestrate its own buy-out program)
- Foster healthy competitive processing and harvesting environment (rewards better utilization of bycatch and psc avoidance by increased access to target species)
- Protect the sectors from losing the relative value of their existing investments (doesn't provide for one way only sectoral transfer of quota, doesn't take target TACs for set aside for skippers, entry level, communities)
- Provide opportunities for coastal communities (affords both inshore and offshore equal opportunity for investments, preserves cod apportionments which benefit inshore fishers)
- Considers recent and historic participation (coop qualification options go back as far as 1995, does not impose rigid recency requirements to minimize both recent and historic participation)
- Maintain and encourage participation in rationalized fisheries by active holders of quota shares, catch history or licenses (ensures that rationalization is not driven by those seeking to benefit from selling quota at the expense of those seeking to continue fishing)
- Effectively control excessive consolidation and vertical integration (ensures value is based on capital equipment and not value of quota, which leads to consolidation and retirement of capital and therefore employment)
- Considers the status of skippers and crews (does not issue quotas that they cannot afford to buy, allows for entry level participants without purchasing quota)
- Provide entry level opportunity (not a closed class of participants - open access fishery remains in addition to ability to coop halibut)
- Meet Magnuson Stevens Act requirements, including conservation (encourages best use of PSC and PSC and bycatch avoidance in order to achieve higher target catches, can be apportioned according to proscribed rate by fishery if option is chosen)
- End race for fish and improve economic viability of harvesters and processors (apportions halibut which drives the race for fish, apportions other bycatch species which would become trawlers race for fish species once halibut was apportioned, does not allocate fish to one sector or another, rewards most efficient operators)

The coop achieves all this without having to award quota or an allocation, except for halibut, and possibly the trawl non-target species listed below.

Another advisable option, in order to prevent a race for some non-target species once the halibut is rationalized, is to also rationalize, for the trawl fleet, the sablefish, thornyhead, shortraker and rougheye. The freezer longline fleet has indicated that they do not race for these species so it is not necessary to rationalize them for fixed gear.

The halibut would be allocated to the coop based on the total catch history brought into the coop. The balance between total halibut quota and coop halibut would be assigned to open access. The catch history that serves as the basis for the coop halibut allocation

would not be allocated to the coop; it strictly serves the purpose of apportioning halibut. Fishing would be conducted in open access style, with the coop aggregate halibut apportionments instead of the current halibut apportionments. The coops would be designed accordingly:

Trawl coops:

- Apportion halibut* to coop based on members total catch history, halibut is divided up by
 - Rate based apportionment for each fishery, or
 - Pro-rata percentage of members' retained catch history
- Apportion sablefish, thornyhead, shortraker, roughey based on
 - MRBs, or
 - Members total catch history
- No other species are rationalized, except for pacific cod, which undergoes a BSAI Amendment 46 type sectoral split, based on catch history as a % of total TAC in each area.

Fixed gear coops:

- Apportion halibut* to coop based on members total catch history, halibut is divided up by
 - Rate based apportionment for each fishery, or
 - Pro-rata percentage of members' retained catch history
- No other species are rationalized, except for pacific cod, which undergoes a BSAI Amendment 46 type sectoral split, based on catch history as a % of total TAC in each area.

*A portion of the trawl and fixed gear halibut may be set aside for entry level fisheries if all the halibut is subscribed into coop fisheries. Not to exceed a range of 2-5%.

The target species and bycatch species not listed in the coop proposals above are available to both coops and open access alike. They do not go into the coop to be traded, leased, and sold. They are not assigned for any purpose except to apportion halibut.

The years of history to be brought into the coop can include several options:

- 1995-2002
 - drop one
 - drop two
- 1998-2002
 - drop one

Quota Based Programs

The Quota Share system does not achieve the following Problem Statement goals and Objectives:

- Reduces economic viability of harvesters, processors, communities (through entry level and community set asides that reduce the overall TAC; through small TAC species' allocations that are too small to manage or fish; through inequitable distributions of the TAC as seen in the Inshore/Offshore allocations and the Southeast Outside elimination of trawl; through biased analyses showing Alaska or Outside gains/losses; through behind the scenes deals, etc.)
- Jeopardizes community stability and their historic reliance on groundfish fishing and processing (through set aside allocations that reduce the TAC and prohibit fishers from being whole – having the same amount of fish that they had prior to rationalization; through too small bycatch species TAC apportionments which prevent harvesting full amount of target species; through proposed one way sector sales of quota only)
- Changes the character of the independent harvester fleet (through having to buy quota to get whole – due to set aside programs, possible inequitable distribution of quota awards,
- What's the definition of meaningful reduction of excess capacity – if it's reduce excess capacity and sell your fellow fishers down the road in the process – then it achieves reduction but not in a meaningful way, there will be a net loss to the remaining fishers who have to buy quota to get whole (or near whole) again)
- Does not foster a healthy, competitive processing and harvesting environment because it is likely that no quota share system will be implemented without 2-pie (if crab legislation with 2-pie is passed in Congress). 2-pie systems violate the intent of the anti-trust laws, impeded competition and hold the independent fishermen hostage to a specific number of processors and therefore, markets.
- Will not maintain the relative market balance between harvesters and processors if quota systems are implemented which mandate either 2-pie or one-way transfers of quota from catcher processors to processors. Catcher processors will lose quota to inshore sector as processors can afford to pay more for quota (buy boats in order to get more quota) than independently owned catcher processors.
- Opportunities to coastal communities will be dependent on what kind of program is initiated.
 - A program that takes TAC will hamper all fishers. The TACs in the Gulf are much lower than the TACs in the Bering Sea, and yet the amounts proposed to be taken for community development programs are 3 to 5 times higher than was taken from the Bering Sea. This will have the effect of removing so much fish from open access (or non-community funded/enhanced quota holders) that fishers will have a hard time catching their target without risking going over limiting bycatch species, as we see in the multi-species CDQ trawl program in the Bering Sea. No one wins in this scenario.
 - If the community awards are gear performance based, then trawlers and longliners will lose the ability to compete as there is a great deal of emphasis on not catching halibut.
 - Most importantly, with such low TACs, there will be very low rents being derived from these set-asides. If CDQ style programs were implemented,

the multi-species fisheries will not generate great sums for the communities. The fisheries that would offer the greatest royalties to the communities and impact the TACs to coop/open access/quota holders the least would be sablefish and halibut.

Quota share based programs must take into account skippers and crew, processors, and communities. The net result is that each sector loses part of its historic and recent history. Quota share programs that include one way transfers of quota (fixed gear to trawl, offshore to inshore) also erodes historic quota in a particular sector and jeopardizes the future of each sector, particularly with 2-pie systems and the capital that the processors can use to invest in quota. Harvesters in all sectors stand to lose a lot of their hard earned catch history in quota share programs.

Several of the remaining objectives compete with the earlier objectives for rationalization. To consider the status of crew, skippers, to provide entry-level opportunities, protect communities, control excessive consolidation and vertical integration, while at the same time maintaining historic and recent participation and foster healthy competition is impossible. If social engineering is introduced into the management of the fisheries then no one will be whole and certain sectors or groups will achieve benefits at the expense of some other group or sector. The goals are contradictory, even if well intentioned.

Topics for Public Comment – Scope of Action

Should all species, target, non-target, gear types be included?

We support the PSC based coops described above which rationalize only halibut, and possibly a very few number of non-target species that could become the focus of a trawl race due to their high value but limited amount. Any gear that has a bycatch of halibut would be included.

Even if there is no rationalization program, or a different rationalization program for each area of the Gulf, it is imperative that at a minimum, the cod and halibut be apportioned according to sectors: trawl/fixed gear/inshore/offshore. The pre-emption issue is too great to ignore. The Council should take this up as soon as possible, prior to the entire Gulf Rationalization final action. This should be on a separate, immediate track, to be modified in accordance with the future rationalization plan, at the time of its implementation.

Topics for Public Comment – Range of Alternatives

IFQs – IFQs should only be issued for halibut bycatch, if at all. Implement the vessel bycatch accountability (VBA) program instead. IFQ program is too fraught with social engineering issues that would jeopardize the balance of “healthy competition” and “historic and recent participation”.

Community Quotas – The 90/10 cod split should be considered a community quota. Cod is a very valuable species and the offshore community lost its ability to harvest its share of the cod quota with that decision. Pollock is 100% inshore. That is also a community quota. Southeast Outside is fixed gear only now, and that is also a community quota as it benefits the residents and fishers of Southeastern Gulf. We believe that the inshore sector has achieved great value in the fisheries management process thus far, and the offshore sector cannot afford further erosion of their historic participation.

Cooperatives – We support cooperative based on PSC bycatch coops. All would be able to participate and to transfer halibut freely between coops. Sectors could coop jointly, or independently. No cooperative should specify that the fishers must sell to a particular processor. Maintain healthy competition between processors and processors and processors and catcher processors. Do not erode the ability of catcher processors to compete or the ability of harvesters to find the best market for their fish.

Processor Quota share – We do not support 2-pie for many reasons already articulated. We do not support quota shares at this time, unless it is for halibut bycatch only.

Hybrid Programs – A cooperative approach that allows harvesters to be individually responsible for their halibut bycatch. Halibut is apportioned in the aggregate to a coop, the coop can distribute individually. Or individual allocation of halibut, but the limiting trawl race for non-target species would be cooped. Or any permutations thereof.

LLP – Any recency set of options would have to ensure that recency for catcher processors was structured according to the way catcher processors fish. On any given weekly trip, a catcher processor may retain as much as 12 or 15 species. While the intent was to target on rex, perhaps the rex was not aggregated and another species became the target for the next few days. The definition, and resulting Council staff analysis must mirror identically the way that NMFS will determine target. If minimum threshold tonnages are applied on a target basis, for catcher processors at least, all species retained (round weight equivalent) must be included for the threshold level. Catcher processors also vary greatly in size and hold capacity and minimum thresholds must define a realistic amount of fish for a small catcher processor. It cannot be set artificially high to encourage elimination of the catcher processor fleet from the Gulf.

The years to use for recency should go back no further than 1995, however it should be noted that 1998 represents the beginning of License Limitation Program Area Endorsements and that reflects the last 5 years of participation which is a good barometer for recent participation in the Gulf. Requiring full participation in every year is too restrictive; the offshore fleet made large investments to be able to diversify, and was encouraged to make these investments in the early days of Americanization. That fleet should not be penalized for its mobility.

Elements and Options Developed by the Committee to Address C/P Elements and Options, prepared November 8, 2002

When the Fishermen's Finest proposal was merged with the Groundfish Forum proposal by the Gulf Workgroup, several points were left out. It is imperative that these alternatives are included in the NMFS/Council version of the Gulf Elements and Options, and that the following comments on the above named paper are included in the public record.

Add to the Elements and Options paper the following:

Issue 1 – Target Species

Add an Option: Catcher/processors can purchase quota share from shorebased harvesters and processors.

Issue 1 – Non-target Species

Add an Option: Halibut and non-target species may be leased at any time.

Issue 3 – Purchase of Harvest Shares by Catcher/Processors

Add an Option: Catcher/processors are not restricted in their ability to buy any open access shares

Add an Option: Catcher/processors are permitted to buy all species from shore based vessels, whether fully subscribed or underutilized.

Add an Option: Catcher/processors are allowed to buy underutilized species from catcher vessels harvests regardless of market conditions

Comment on Option 3: We believe that this option violates the intent of anti-trust laws and has the effect of enforcing market limitations on the catcher processor and catcher vessel fleets and market preferences for shoreside processors. We believe that NOAA GC should offer an opinion on this Option as to whether it violates anti-trust laws.

Gulf Workgroup's Trawl C/P Elements and Options

II. Allocation of Catch History (B)

Add Option: Catcher processor history is based on blend observer data and on weekly production reports.

Add Option: Catcher vessel history is based on retained only catch on fish tickets.

Comment: We question whether retained history is appropriate to use for catcher processors, even though the only records for the catcher fleet are fish ticket landings. The 100% catcher processors have record of their catch, both discards and retained, when combining observer data and weekly production reports. Since this sector pays for the observer coverage we believe that we should reap the benefits of our data generated by these government observers.

If we do not get history for the discard portion of our weekly production report, then we lose the non-target species and smaller fish that enabled us to retain the targets. The catcher processor fleet cannot be whole if this is how the fish is distributed.

If catcher vessels bring in all their catch, the fish tickets describes all delivered catch, whether destined for retention, meal or discard.

The options under (B) catch history seem to inequitably distribute catch history between the catcher processor and catcher vessel sectors. Using different techniques for determining catch history that result in awarding discarded fish to one sector and not to another would be a violation of National Standard.

II. Allocation of Catch History (C)

Comment on Option 1. Pacific Cod. As described earlier in these comments, maintaining the 10% offshore split cannot be interpreted that all of the catcher processor cod history is taken out of the 10%. Many trawl and longline catcher processors are inshore and their history needs to be taken from the inshore apportionment.

II. Allocation of Catch History (D)

Add an option to Bycatch Species: if ABC/TAC of atka mackerel increases enough to accommodate a target (directed) fishery, atka mackerel becomes allocated as a target species and assigned to open access.

Comment on Option 3. Halibut PSC: the catcher processor sector needs to get together and determined what these options mean and if they are clearly articulated. For example, halibut assignment on a pro-rata basis does not mean the same thing as assigning halibut based on a rate by fishery. In this document, isn't Option 1 the same as the un-indented Option 2? This should be clarified at the November 25 Gulf meeting.

Add an option to Option 3. Halibut PSC: allocate by rate, by fishery (to individual vessel or to coop)

Add an subset options for Option 3: c) allocations will be made for Bycatch species at either the coop or individual level

III. Ownership/transferability of Quota Share.

Add an option under (A): catcher/processor sector may purchase quota allocations from the shoreside sector.

Add an option under (B): each sector has first right of refusal before selling quota to another sector.

Comment on this option: This is designed to keep sectoral history in that sector. Under a quota share program, if a one way only transfer is allowed from trawl to fixed gear, or offshore to inshore, there needs to be a mechanism that will allow for that quota to first be optioned to the sector it came from. This enables the goal and objective of maintaining recent and historical participation for each sector.

IV. Community Protection

Add option to (B): add a sub-option that does not stipulate one-directional allocation transfer from CP to shoreside.

V. Sideboards

Add further definition to (A): Participants in GOA rationalized fisheries are limited to their historical participation in the BSAI. If the BSAI is not rationalized prior to Gulf rationalization, then appropriate sideboard analyses must be conducted; the BSAI rationalization should not simply mirror Gulf rationalization. If the BSAI is already rationalized prior to Gulf Rationalization, that BSAI rationalization cannot be superceded, without full analysis.

Gulf Workgroup's Longline CP Elements and Options

Again, as with Fishermen's Finest's proposal, when the NPLA proposal was merged into one freezer longline proposal, several key options were omitted and need to be included for the record and in the NMFS/Council options.

Add option under **General**, which includes Central Gulf to the Alternative 6 as well as Western Gulf.

Comment on Preliminary Action: please refer to all previous comments in this letter on Inshore/Offshore pacific cod catch history issues for catcher processors. Ensure inshore and offshore catcher processors' catch history is taken from each vessel's designation as inshore or offshore.

Element 7. Apportionment of PSC to gear sector

Add option to apportion halibut based on appropriate rates by target for longline fishery.

Element 8. Qualifying years within CP H&G sector

Add option for b) and c): Must have a landing in any one of the following years.

Comment on Element 8: the way this is written does not reflect the intent of the NPLA Freezer longline proposal. That Proposal states: "must have a landing in any one of the following years: 1998-2002". It is imperative that this is added to the NMFS/Council options and elements package.

Element 10: Transferability

Add to option: Catcher processors should be able to process catcher vessel fish or quota.

Clarify or re-word option: sale or lease of catcher vessel and catcher processor quota shares should be transferable in a two-way direction, between sectors.

Summary

We appreciate the opportunity to comment on this process and commend both NMFS and the Gulf Workgroup for their work to date on this very complicated issue. Our primary concern is the Council endorses and maintains those guidelines set out in the National Standards which protect our resource and our fishing communities. We want to ensure that harvesters remain "whole" and they do not have their historical or recent

participation eroded due to the myriad of issues that are raised in quota share management. We are concerned that the issues raised in quota systems are so large that by the time the Gulf is rationalized, many of the participants will be out of business. We have heard this in public testimony in all of the meetings that we have attended.

Fishermen's Finest wants fisheries management for both the Gulf and the Bering Sea that encourages responsible bycatch management without having to sacrifice portions of our historical catch to do it. We would like to have our total catch history brought into coops, or just have the halibut apportioned individually or on the coop level, based on catch history. Rationalization of the halibut, and the limiting race for fish species would solve the goals and objectives defined in the NMFS' Scoping Guide to the Gulf of Alaska Rationalization. We do not believe that the highly contentious and controversial allocation of quota share realizes the goals and objectives, nor will it meet the criteria set out in the National Standards.

Finally, in the even that analysis of coops, quota share or License reduction programs shows such a degradation of our or our sector's historic participation, or jeopardizes the ability to fully harvest the target species, we will prefer the status quo, which is open access.

Attached please find the Fishermen's Finest nomination to the Workgroup, the Fishermen's Finest Trawl CP Proposal, and the North Pacific Longline Association proposal so that they may be entered into the record, and for the purpose of ensuring the proposals points become incorporated into the NMFS/Council Gulf Rationalization Options and Elements package.

Sincerely,

Susan F. Robinson

Susan F. Robinson
Mgr., Fisheries Management and Compliance



Fishermen's Finest, Inc.

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Tel: 206.283.1137 Fax: 206.281.8681

February 13, 2002

Dave Benton, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

RE: Gulf Rationalization Committee

Dear Chairman Benton;

During Council discussion of Gulf Rationalization, Kevin Duffy proposed that a Committee be formed to re-examine Gulf rationalization issues and timeline. I am interested in being on the Committee.

Fishermen's Finest has two trawl catcher processors and two freezer longliners. Three of the four vessels have license limitation permits to fish in the Gulf of Alaska. The *F/V American No. 1* has fished in the Gulf groundfish fisheries since 1986 and the *F/V U.S. Intrepid* has fished in the Gulf since our ownership of the vessel in 1997. Prior to that, the vessel fished extensively in the Gulf under other company's ownership. We continue to be active in the deepwater flats, the rockfish fisheries and the cod fisheries of the Gulf of Alaska. Our Captains have been instrumental in pioneering the halibut excluder device which have dramatically reduced bycatch of halibut in the deep water flatfish fisheries. We have a vested interest in maintaining healthy stocks in the Gulf of Alaska and believe that our participation has helped to educate both catcher/processor and catcher vessel fleets on improved bycatch reduction measures. We would like to participate in the development of the Gulf rationalization and believe that we have much to bring to the process.

Sincerely,

Susan F. Robinson

Susan F. Robinson

ATTACHMENT 1

Fishermen's Finest CP Trawl Proposal for Gulf Rationalization

1. LLP Qualification and Recency:

Must have valid LLP license and Gulf trawl endorsements
Must have made landings in the Gulf, in any year, 1999 - 2002

2. Catch History Qualifying Period:

1995 - 2002
Option 1: Drop one year
Option 2: Drop two years

All options include 2000 cod

3. Qualifying Landing Criteria:

Landings based on retained catch of fully-utilized species
Option 1: catch history determined based on a percentage of total retained catch per year, as function of TAC
Option 2: catch history determined on the poundage of retained catch

Landings based on retained catch of under-subscribed species
Option 1: catch history determined based on 125 percent of total retained catch per year, as function of TAC
Option 2: catch history determined on the 125 percent of the poundage of retained catch

4. Allocated Target Species:

Pacific cod (retain 90/10 inshore/offshore split)
Deep water flatfish
Arrowtooth flounder
Rex sole
Shallow water flatfish
Flathead sole
Northern rockfish
Pacific Ocean Perch
Pelagic rockfish
Sablefish (retain Amendment 14 allocation to trawl)

ATTACHMENT
2

5. Bycatch Species:

Thornyhead, Other rockfish, Shortraker/Rougheye, atka mackerel, slope rockfish

Option 1: treat as MRB

Option 2: allocate based on catch history, with the exception of WGOA

Other rockfish, which remains managed as MRB species.

Option 3: if ABC/TAC of atka mackerel increases enough to accommodate a target fishery, atka mackerel becomes allocated as a target species and assigned to open access.

6. PSC Species:

Halibut

Retain trawl/fixed gear apportionments

Option 1: allocate as percentage of catch history (e.g. if total catch history is 50% of trawl total catch, then 50% of halibut is issued)(to individual or coop)

Option 2: allocate by rate by fishery (to individual vessel or coop)

7. Allocation Assignment:

Option 1: Allocations will be made for halibut only (you get your allocation of halibut based on your retained catch history, however your retained catch history is not allocated. You get halibut and can fish for whatever species you want. Same as current system but with individual/coop level PSC accountability)

a. Individual vessel basis

b. Coop basis

Option 2: Allocations will be made at the individual vessel level (#4,5,6 species)

Option 3: Allocations will be made to a coop (#4,5,6 species)

8. Vessel Categories:

There will be no vessel categories in the CP sector. However, the pacific cod allocation will remain apportioned 90% inshore and 10% offshore. A CP vessel allocation will be based on its vessel designation, so that if it is an inshore vessel, the cod allocation is taken from the inshore cod apportionment.

9. Ownership, harvest, use caps:

There will be no ownership, harvest or use caps in the CP sector.

10. Owner on Board provisions:

There will be no owner on board provision in the CP sector.

11. Ownership/Transferability:

C/P shares are issued as a distinct class of shares.

C/P sector can lease or sell its quota, in part or in whole, to either CP or CV sector, except that the CPs have purchasing first right of refusal, thereby preserving historic participation and investment in CP sector. (Same rule applies to CV quota share.)

C/P sector can lease or buy quota from the CV sector.

C/P sector can process CV fish.

Assignment and /or ownership of quota share will go to the entity owning the License Limitation Permit.

12. Regionalization:

CP sector will have no regionalization.

13. Community Protections:

The offshore CP sector, both trawl and fixed gear, saw a reduction in the cod quota to 10% in 1993. The designation of 90% of the cod quota provides great value and benefit to the inshore harvesting and processing communities, and fully serves the intent of community protections.

For this reason, the offshore cod TAC and the remaining CP quotas should not have further deductions for community or entry-level fishery set asides. Instead, a portion of the unallocated under-utilized species TAC may be set aside for these purposes, however, the set aside will not be implemented if it requires a reduction in any allocated bycatch species to any sector.

Consideration: Allocations are made based on retained species only. This does not take into consideration bycatch that is required to catch the target, but has been discarded. When apportioning an allocation that is based on retained catch only, the recipient will lose that bycatch history which is essential to prosecuting the full target fishery amount. For example, once the allocation is made, the recipient will have to decide whether to use flatfish allocation as bycatch for the directed cod fishery, or cod bycatch for the directed flatfish fishery. The allocations issued will not have enough flatfish to prosecute fully both target fisheries because of discarded bycatch. At least there is a buffer with flatfish species where catch and TAC are less than ABC. For other bycatch species which have been discarded, and for which the TAC is taken each year, the situation is worse, as one cannot get whole without discard history. (Many discards are regulatory.)

How this relates to the community set aside, or to an entry level fishery, is that to award a target fishery requires awarding bycatch with which to prosecute it. Already, fishers are

not whole because discarded bycatch cannot be taken into account and allocated. In order to successfully fish to the community set aside, there must be bycatch. The quota share holders will take a further reduction in their initial bycatch allocation in order to fund the community set aside. This will hurt all fishers by hampering their ability even further to prosecute their target fisheries.

It is imperative that any set aside recommendation be analyzed to determine the amount of bycatch species that will be required. If initial allocation, of any species, to quota share holders must be reduced in order to accommodate the set aside or entry level fisheries, then there should be no set asides. The set aside would harm the CV and CP sectors by taking fish and not allowing them to prosecute their targets with the necessary bycatch. This would be economically harmful and investments in the Gulf fisheries would be eroded since fisheries could not longer be prosecuted at historic levels.

Because of history with CDQ fisheries in the Bering Sea where each species has been allocated to a user group, and with the AFA example of sideboard catch history, Fishermen's Finest is very concerned with the allocation that will result from retained catch only and the ability of all fishers to harvest at their historical levels. Coops can alleviate this concern provided that some coop participants do not fish and free up extra bycatch to the group.

Fishermen's Finest's preferred alternative would be a PSC-only based coop, without quota shares allocated. This allows for an open access fishery where each vessel is accountable for its halibut rates, and bycatch species do not become limiting.

NPLA Proposal for Gulf Rationalization Committee

General: Add new Alternative 6 for Pacific cod in the Western and Central GOA Non-target species (except halibut) to be kept on MRB status. We propose a two-step process involving a gear sector split for LLP/moratorium licensed vessels (similar to BSAI 46/64), followed by potential further rationalization through the formation of cooperatives based on catch history. ✱

1. **Preliminary Action:** Gear sector apportionment of cod (CP inshore and offshore longline, CV longline, CP inshore and offshore trawl, CV trawl, CP inshore and offshore pot, CV pot, CV jig and <60') based on catch history. Halibut PSC to be apportioned to each sector according to catch history or proportion of cod allocated. Rollover provisions for unused TAC between sectors.
2. **Further Rationalization:** Formation of cooperatives based on catch history by sector, if desired.

New Alternative 6

Element 1 : Gear sector designations – establish distinct gear sectors, as (1) above.

Element 2 : Area – Western and Central GOA. ✱

Element 3 : Target Species – directed fishery for cod. Cod remains bycatch in other fisheries not targeting cod. Underutilized species may be included as target species in the future.

Element 4 : Cod apportionment between gear sectors – Apportion longline cod based on recent catch history: 1998 – 2002.

Option – Drop one year.

Element 5 : Nontarget species – Nontarget species remain on bycatch (MRB) status.

Element 6 : Inshore/offshore – For longliners, retain 90/10 inshore offshore split in accordance with Preliminary Action above.

Element 7 : Halibut PSC – Apportion halibut PSC in proportion to cod apportionment.

Element 8 : Rollovers – Establish provisions for rolling over unused cod TAC between sectors.

Element 9 : Qualifying years, CP longline sector - Must have a landing in any one of the following years: 1998 – 2002. *

Element 10 : Cooperative formation – Cooperatives may be created based on catch history during the qualifying period. No minimum landing will be required. Coops may include directed catch, non-target species catch, halibut PSC. Catch history will be based on the following years: 1998 – 2002.

Option – Drop one year.

Other :

1. Proposed catch history exclusion of 2000 should apply to pots only.
2. CP's should be able to process fish from catcher vessels; quotas, if any, should be transferable both ways between the CP and the CV sectors. *
*
3. CP quota shares should be issued as a discrete class of shares conferring the right to both harvest and process, like class A shares in the sablefish IFQ program.
4. The freezer-longliner sector does not favor a reduction in its TAC apportionment to favor shoreside communities. During Inshore/Offshore 1 freezer-longliners over 125' in length were banished to the offshore sector in the GOA, with access to only 10% of the cod quota. This was not the intent of the Council in developing Inshore/Offshore 1, and was not supported in the record. These vessels have lost considerable access to cod in the GOA, and should not be further restricted.

C-2
Pat Carlson
Kodiak Island
Borough

ANALYSIS OF ECONOMIC IMPACTS FROM FISHING RESTRICTIONS ON THE KODIAK ISLAND BOROUGH ECONOMY

PREPARED FOR:

KODIAK ISLAND BOROUGH



Research-Based Consulting

Juneau
Anchorage

NOVEMBER 2002

***ANALYSIS OF ECONOMIC IMPACTS
FROM FISHING RESTRICTIONS ON THE
KODIAK ISLAND BOROUGH ECONOMY***

PREPARED FOR:

KODIAK ISLAND BOROUGH

PREPARED BY:



NOVEMBER 2002

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Introduction

The Gulf of Alaska and the Bering Sea/Aleutian Islands groundfish fishery is one of the largest volume and highest revenue producing fisheries in the world. With its strategic location and strong fishing tradition, Kodiak is a major center for the processing of groundfish. Kodiak consistently ranks among America's top three seafood ports in ex-vessel value.

In 2001, the McDowell Group completed an assessment of potential impacts on the Kodiak economy from management alternatives proposed by the National Marine Fisheries Service. An economic model was developed for the Kodiak economy based on published employment data, as well as on McDowell Group estimates of the annual average employment and take-home pay of Kodiak-based skippers and crew.

Currently, the National Marine Fisheries Service is continuing the Supplemental Environmental Impact Statement (SEIS) process to assess effects of management alternatives for groundfish in the North Pacific. Kodiak's economy is facing other challenges as well, including low salmon prices and crab fishery rationalization.

This document is an update of the 2001 report and model, and reflects changes in Kodiak's economy due to recent fishery abundance, market conditions, and management regimes. The effects of these changes on Kodiak are summarized below.

Seafood Industry Trends

Commercial Fishing Sector

- The Gulf of Alaska (east of Yakutat) pollock and cod quota fell by over 40 percent between 1999 and 2002.
- Approximately 30 thousand metric tons of the available quota were not harvested in 2000 and 2001 due to the closure of areas traditionally fished by the Kodiak fleet, for Stellar sealion protection.
- The total salmon harvest in the Kodiak area, measured in pounds, increased by 20 percent while value declined by 66 percent between 1999 and 2002.
- Ex-vessel value in Pacific Halibut Regulatory Areas 3A and 3B, where most Kodiak vessels fish, has ranged from \$74 million to \$81 million. The 2001 harvest was valued at \$74 million, down about 9 percent from the 2000 value.
- Crab ex-vessel value in the Bering Sea *opilio* and Bristol Bay king crab fisheries, the most important crab fisheries to the Kodiak fleet, declined by 64 percent between 1999 and 2002. Fishermen saw the value of their crab harvest decline by \$167 million.

Seafood Processing Sector

- The poundage of seafood processed in Kodiak has declined steadily since 1998, dropping from 390 million pounds in 1998 to 270 million pounds in 2001. The 2002 production is expected to be still lower. Groundfish volume landed at Kodiak declined by one-third between 1998 and 2001.
- Pollock production fell from 166 million pounds to 91 million pounds, between 1998 and 2001, a 45 percent drop. Cod production peaked in 1999 at 85 million pounds, then declined to 55 million in 2001, down 35 percent.
- Salmon landings in Kodiak increased in 2001 to 79 million pounds; however, salmon values dropped to \$19 million (a 40 percent drop from the 1999 level of \$31 million).
- Halibut poundage landed at Kodiak declined by 14 percent between 1999 and 2001 as increasing numbers of fishermen landed their fish at Homer or Seward, where prices are higher.
- Crab value landed in Kodiak increased from \$2.8 million in 1999 to \$4.9 million in 2002.
- The ex-vessel value of all seafood processed in Kodiak dropped to a three-year low in 2001 to \$81 million, down from \$104 million in 1999. Cod values dropped by 38 percent, from about \$25 million to \$16 million.

Trends in Kodiak's Economy

In the McDowell Group's July 2001 report, it was estimated that a 30 percent decline of groundfish volume available to Kodiak processors would result in the closure of one processing plant, the loss of 500 processing jobs, and 200 support sector jobs. The study team also predicted that a portion of the current resident Kodiak processing labor force would move because they could not afford to live in Kodiak year-round due to reduced employment opportunities. These estimates now appear reasonable, and perhaps some were conservative, in light of recent trends in Kodiak.

- Kodiak commercial fishermen's net income in 2001 of approximately \$49 million was 20 percent below the 1999 level of \$63 million. Total income for 2002 is likely to be still lower.
- Processing sector payroll dropped by \$9 million between 1999 and 2001. The loss of another \$8 to \$10 million in processing payroll is expected for 2002.
- It is expected that total seafood industry payroll in Kodiak (including commercial fishing net income and processing payroll) in 2002 will be \$25 to \$30 million below the 1999 level.
- Total seafood industry employment in Kodiak in 2001 averaged approximately 2,700 jobs (including commercial fishing and seafood processing). The 2002 average is expected to drop to about 2,300 jobs, nearly 20 percent below the 1999 average of 2,800 jobs. Almost all of this decline has been in the processing sector.
- A total of four processors closed in 2001 and 2002, including Cook Inlet Processing (doing business as Polar Equipment), Global Seafoods, Kodiak Salmon Packers and Kodiak Seafood Processing.
- These companies accounted for an annual average of almost 300 jobs – about one quarter of shore-based processing employment. Two of the four plants that

closed – Global Seafoods and Cook Inlet Processing – were largely dependent on groundfish and had a combined annual average employment of 265.

- Preliminary 2002 estimates of annual average employment with shore-based processors indicate a decline of almost 500 jobs from the 2000 peak. Shore-based processing employment dropped from 1,458 in 2000 to an estimated 985 in 2002. That represents a drop of about one-third. Most of this decline occurred between 2001 and 2002 (400 of the 500 jobs)
- Even before the dramatic decline in processing employment in 2002, Kodiak's economy was showing signs of weakness. Based on McDowell Group estimates, total borough-wide payroll declined by 8 percent between 1999 and 2001, from \$265 million to \$243 million (this includes estimated net income for fishermen). Annual average employment declined by 150 jobs.
- Kodiak's service sector has been affected by the decline in seafood industry activity and income. For example, retail employment in Kodiak dropped by 70 jobs between 1999 and 2001.
- There are other indicators of a weakening Kodiak economy. For example, the average private sector wage in Kodiak declined 7 percent between 1999 and 2001.
- Though it is too early to measure all the impacts on Kodiak's economy stemming from the decline in the local seafood industry, long-term structural changes are likely. For example, the loss of groundfish volume has led to increasingly seasonal employment and fewer hours of work available. This has and will continue to cause residents to leave the island to seek more stable employment.
- Structural changes in Kodiak's economy, stemming from reduced groundfish harvesting and processing (as well as changes in other fisheries) include a broad range of socioeconomic implications. These include potential decline in school enrollment, loss of tax revenues that support local government services, reduced local investment in housing and businesses, and others.
- The shift to more seasonal labor demand will increase costs to processors, who must recruit, house, feed, transport and train their labor force. This could result in additional plant closures.
- Over the next several years, additional employment and income losses in Kodiak's support sector are expected, as households and businesses adjust to the decline in commercial fishing and processing.
- Additional economic losses associated with fisheries management actions would further hamstring an economy that is already in recession.

A summary of these and other trends is provided in the following table.

Table 1. Recent Trends in the Kodiak's Fisheries and Economy

Harvesting Sector ¹(Total Catch and Value of Selected Fisheries Important to the Kodiak Fleet)	1999	2002	% Change
Pollock/cod ex-vessel catch (millions of pounds)	160	84	- 48%
Halibut ex-vessel value (millions of dollars)	\$76	\$80	+ 6
Salmon ex-vessel value (millions of dollars)	\$35	\$12	- 66
Opilio/king crab ex-vessel value (millions of dollars)	\$261	\$94	- 64
Trawl permits fished	40	35 ²	- 12
Salmon permits fished	397	242	- 39
Kodiak Processing Sector	1999	2001	% Change
Groundfish ex-vessel volume purchased (millions of pounds)	238	176	- 35%
Groundfish ex-vessel value (millions of dollars)	\$41	\$33	-15
Halibut ex-vessel volume purchased (millions of pounds)	9.9	8.5	- 14
Halibut ex-vessel value (millions of dollars)	\$21	\$16	-24
Salmon ex-vessel volume purchased (millions of pounds)	71	79	+11
Salmon ex-vessel value (millions of dollars)	\$31	\$19	- 40
Crab ex-vessel volume purchased (millions of pounds)	1.4	1.4	0
Crab ex-vessel value (millions of dollars)	\$2.8	\$4.9	+ 75
Kodiak Economy	1999	2001	% Change
Shore-based processing employment	1,314	985 ³	- 25%
Non-government support sector employment	2,430	2,400	- 1
Seafood harvesting payroll (millions of dollars)	\$63	\$49	- 22
Total (All Industries) payroll in Kodiak Island Borough (millions of dollars)	\$265	\$243	-8

1. Data represents total catch and value in each fishery, including Kodiak and non-Kodiak resident harvests.
2. Trawl permits fished is for year 2001 and is based on preliminary data.
3. Represents 2002 processing employment estimate.

Kodiak Economic Model Output

To describe the Kodiak economy, an export-base model is used (Table 2). The model reflects economic conditions as of 2001, though commercial fishing employment is based on 2000 data. The model shows the relationship between the basic and support sectors of the economy, and provides a baseline against which to gauge the broader impacts of changes in Kodiak fisheries upon the area's economy. Basic industry exports goods and services to markets outside the local area and brings in new money in exchange. Support industry serves the local population and business community, as residents trade existing dollars with their neighbors. Alaska Department of Labor (ADOL) published seafood processing employment data was inaccurate in 2001 due to over-counting of local employment and payroll with Trident Seafoods, according to ADOL. Therefore, employment estimates from 2000 were used from this employer. Discussions with Trident officials indicate that employment in 2000 and 2001 were similar.

Kodiak's "Economic Engines" — The Basic Economy

Kodiak's economic base industries include commercial fishing, seafood processing, and tourism, as well as agencies that manage base industries, such as the Alaska Department of Fish and Game and the National Marine Fisheries Service. The US Coast Guard is also a base industry. The remainder of the local economy consists of support industries that service the local population and business community.

Kodiak's basic industries account for an annual average of about 4,250 jobs and a payroll of \$146 million (Table 2 and Figure 1). This makes up 55 percent of Kodiak's total employment and 60 percent of total payroll. In terms of employment, the most important basic industries in Kodiak are the seafood industry, the Coast Guard, tourism, heavy construction, and lumber and wood products.

The seafood industry is the largest industry in Kodiak. Annual average employment for Kodiak commercial fishermen was an estimated 946 jobs in 2000, about the same as 1999. Estimated employment in the processing industry declined by almost 500 jobs from 2000 to 2002. Three processors – Global Seafoods, Alaska Salmon Packers and Cook Inlet Processing - closed in the last year.

Basic industry government employment was about the same in 2001 as in 1999 at about 140 jobs. Altogether, the seafood industry accounted for over 2,700 jobs, contributing approximately 64 percent of Kodiak's economic base employment, 35 percent of total employment and 39 percent of total payroll. A similar share (over 60 percent) of Kodiak's support industries (trade, services, etc.) are attributed to the dominant seafood industry.

Table 2. Kodiak Base and Support Industries, Employment and Payroll, 2001¹

Sector	Annual Ave. Employment	% of Total Employment	Total Payroll (\$Millions)	% of Total Payroll
BASIC INDUSTRY				
Seafood				
Seafood Harvesting ²	946	12%	\$49.0	20%
Processing ³	1,622	21%	\$39.5	16%
Alaska Dept. of Fish and Game	78	1%	\$3.1	1%
National Marine Fisheries Service	29	<1%	\$1.4	1%
Kodiak National Wildlife Refuge	17	<1%	\$0.8	<1%
Fishery Industrial Technology Center	20	<1%	\$0.8	<1%
Total Seafood	2,712	35%	\$95.0	39%
Alaska Aerospace Devt. Corp.	6	<1%	\$0.2	<1%
Tourism ⁴	242	3%	\$4.2	2%
National Interest				
Coast Guard ⁵	1,100	14%	\$35.5	15%
Agriculture, Forestry and Manufacturing				
Agricultural services	18	<1%	\$0.2	<1%
Forestry	4	<1%	\$0.2	<1%
Fishing, hunting & trapping	40	<1%	\$2.9	1%
Lumber & wood products	43	1%	\$1.7	1%
Apparel & other textile products ⁴	8	<1%	\$0.1	<1%
Heavy Construction	82	1%	\$5.5	2%
Total Basic Industry	4,255	55%	\$145.0	60%
SUPPORT INDUSTRY				
Other Construction	85	1%	\$2.9	1%
Transportation, Comm., Util. (TCU)	228	3%	\$7.6	3%
Wholesale and Retail Trade	818	10%	\$15.9	7%
Finance, Ins. and Real Estate (FIRE)	169	2%	\$5.8	2%
Manufacturing-printing ⁴	25	<1%	\$0.2	<1%
Services	1,076	14%	\$28.8	12%
Federal Government ⁶	162	2%	\$8.0	3%
State Government ⁷	136	2%	\$5.4	2%
Local Government	781	10%	\$22.4	9%
Total Support Industry	3,480	45%	\$96.9	40%
TOTAL ALL INDUSTRIES	7,735	100%	\$242.0	100%

Source: Compiled by McDowell Group, Inc., based on Alaska Department of Labor & Workforce Development data except where noted.

1 Data for federal and state government, including Kodiak National Wildlife Refuge, National Marine Fisheries Service, and Alaska Department of Fish and Game, are for 2000.

2 Seafood harvesting employment and income are McDowell Group, Inc. estimates, based on CFEC permit data and are for 2000.

3 Processing employment from Department of Labor includes both catcher-processor vessels based in Kodiak and shore based processing. Employment and payroll figures from the published ADOL data were adjusted down to account for inaccuracies in Trident Seafood employment figures.

4 McDowell Group, Inc. estimates.

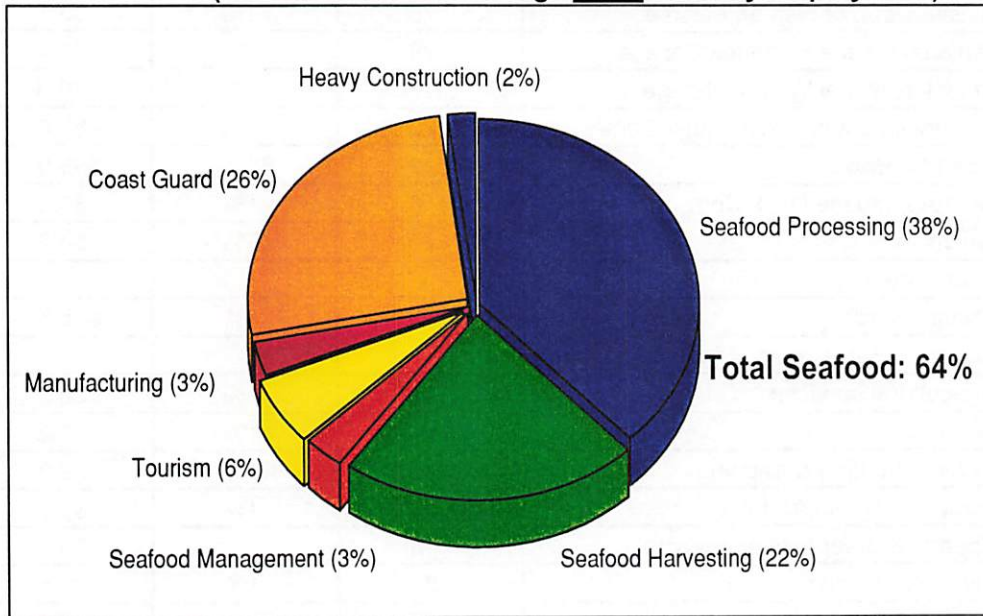
5 Information from Kodiak Island Borough Website.

6 Federal government employment, less National Marine Fisheries Service and Kodiak National Wildlife Refuge positions.

7 State government employment, less ADFG, FITC, and AADC positions.

The Coast Guard is Kodiak's second largest basic industry, accounting for about 26 percent of the basic economy employment. Tourism, timber industry, hatcheries, heavy construction and manufacturing make up the balance of Kodiak's basic industry.

Figure 1
Kodiak's Basic Industry Composition, 2001
(Percent of annual average basic industry employment)



Source: McDowell Group and Alaska Department of Labor

Seafood Management employment includes Alaska Dept. of Fish and Game, National Marine Fisheries Service, Kodiak National Wildlife Refuge, Fisheries Industrial Technology Center, and the Kodiak Fisheries Research Center Campus. Alaska Aerospace jobs are not depicted in this chart, as they account for less than 1 percent of basic employment.

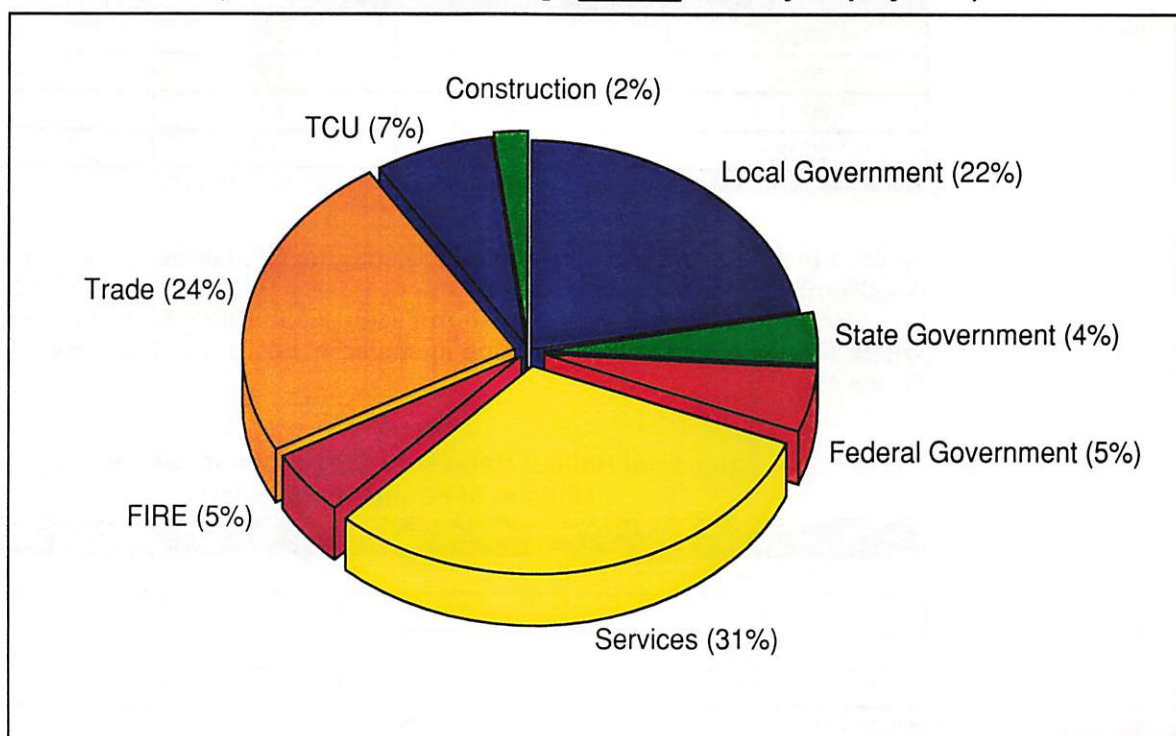
Kodiak's Support Industries

Support businesses do not create new wealth for the community. However, money brought to the economy by basic industries, such as fishing income, impacts the local economy in many ways as it cycles through support businesses. Local support businesses are important in that they keep money in the local economy.

Kodiak support industries account for an annual average of almost 3,500 jobs and \$97 million in payroll (Table 2 and Figure 2). Support industries provide 45 percent of total employment and 40 percent of total earnings. Support industries linked directly to fisheries include a wide array of businesses, including boat yards, fuel sales, engine mechanics, electricians, freight forwarding, hydraulic service, air taxi, accounting, banking and shipwrights. An estimated 60 percent of Kodiak's support industries are the result of the seafood industry.

In order of employment, the most important support industries in Kodiak are services; government; trade; transportation, communication and utilities (TCU); finance, insurance and real estate (FIRE); construction; and support manufacturing such as printing.

Figure 2
Kodiak's Support Industry Composition, 2001
(Percent of annual average support industry employment)



Source: McDowell Group and Alaska Department of Labor

FIRE: Finance, Insurance, and Real Estate

TCU: Transportation, Communications, Utilities

Manufacturing jobs are not depicted in this chart, as they account for less than 1 percent of basic employment.

Seafood Harvesting

Recent Trends in Fisheries Important to Kodiak

The most important fisheries in terms of ex-vessel value to the Kodiak fleet in recent years are groundfish, halibut, salmon and crab.

Most of the Kodiak groundfish fleet fish for cod and pollock in the Gulf of Alaska (excluding West Yakutat and Southeast areas). In 2000 and 2001, about 30 thousand metric tons of fish of the available quota were not harvested due primarily to Stellar sealion conservation programs, which closed areas traditionally fished by the Kodiak fleet. The estimated 2002 harvest was about 5,000 tons shy of the quota as of November 2002 (Table 3).

Table 3
Pollock and Cod Quota and Harvest
Central and Western Gulf of Alaska, 1999-2002
Thousands of Round Metric Tons

Year	Catch	Quota	Under Quota
1999	160	160	0%
2000	102	109	-7%
2001	79	102	-23%
2002	90	95	-6%

Source: National Marine Fisheries Service. 2002 data is catch through November 2002.

Halibut is the second most valuable fishery to the Kodiak fleet, and one of the most consistent in recent years. Halibut prices have generally exceeded \$2 per pound since 1999. Most Kodiak vessels fish in Pacific Halibut Regulatory Areas 3A and 3B, where the estimated ex-vessel value averaged about \$78 million from 1999 to 2002 (Table 4).

Table 4
Commercial Halibut Harvest in Areas 3A and 3B, 1999-2002
Millions of Pounds and Dollars

Year	Catch	Estimated Value
1999	38	\$76
2000	33	81
2001	37	74
2002*	40	80

Source: National Marine Fisheries Service and Alaska Department of Fish and Game.

* 2002 catch represents the annual quota.

The Kodiak salmon fishery represents the third most valuable fishery to the Kodiak fleet. From 1999 to 2002, the commercial salmon harvest ranged from 62 to 94 million pounds. The salmon fishery value, however, plummeted to a preliminary total of just \$12 million in 2002 due to low prices for pink and sockeye salmon, the primary species harvested by the Kodiak fleet (Table 5). Preliminary information indicates that the number of permits fished in the Kodiak region declined from 354 in 2001 to 242 in 2002, a decline of 32 percent.

Table 5
Kodiak Area Commercial Salmon Harvest, 1999-2002
Millions of Pounds and Dollars

Year	Ex-vessel Catch	Ex-vessel Value
1999	72	\$35
2000	62	21
2001	94	22
2002	87	12

Source: Alaska Department of Fish and Game

Kodiak's commercial crab fleet derives most of its income from the Bristol Bay king crab and Bering Sea *opilio* fisheries. Catch in these two fisheries ranged from 205 million pounds in 1999 to 34 million pounds in 2001 and 2002. Value ranged from \$261 million in 1999 to \$81 million in 2001 (Table 6). Most of the decline was due to the Bering Sea *opilio* fishery, which declined from 194 million pounds worth \$190 million in 1999 to just 25 million pounds worth about \$40 million in both 2001 and 2002.

Table 6
Commercial Crab Harvest in the Bering Sea Opilio and
Bristol Bay King Crab Fisheries, 1999-2002
Millions of Pounds and Dollars

Year	Crab Fisheries		Total Value
	<i>Opilio</i>	Red King	
1999	194	11	\$261
2000	34	8	101
2001	25	9	81
2002	25	9	94

Source: Alaska Department of Fish and Game

Trends for Kodiak Resident Fishermen

Permit and earnings data by community of residence were available through 2000 from CFEC.

In 2000, 594 Kodiak Island Borough residents participated in commercial fishing as permit holders, fishing a total of 1,063 permits (Table 7). This was an increase of both permit holders and permits fished from 1999.

Additionally, 1,178 crew member licenses were sold to Kodiak residents in 2000, a decline of 13 licenses from 1999. Permit holders who work as crew are not included in this crew total.

Nearly one in five of Kodiak's 9,400 adult residents participated in commercial fish harvesting as a permit holder or crew member during 2000, a total of 1,770 individuals.

Table 7
Kodiak Resident Harvest and Earnings, 1995-2000

Year	Permit Holders Fishing	Permits Fished	Landings (Millions of Pounds)	Gross Earnings (Millions of Dollars)	Gross Earnings per Permit Holder
1995	610	1,096	335	\$119	\$196,000
1996	578	1,092	241	98	170,000
1997	583	1,111	244	98	168,000
1998	547	996	286	82	149,000
1999	588	1,030	261	115	193,000
2000	594	1,063	220	90	151,000
Average	583	1,065	265	\$100	\$171,000

Source: Alaska Commercial Fisheries Entry Commission

During 2000, Kodiak permit holders landed 220 million pounds of seafood, a 16 percent decline from 1999. Earnings were \$90 million, a decline of 21 percent from 1999. Most of the overall decline from 1999 was due to a \$21 million decline in the value of crab and \$8 million decline in the value of salmon (Table 8).

Ranked by Kodiak resident permit holders' income, groundfish fisheries accounted for the highest value in 2000 (\$28 million), followed by halibut (\$27 million), salmon (\$16 million), crab (\$12 million), sablefish (\$4 million), herring (\$2 million), and all other fisheries combined (\$1 million, Table 8).

Table 8
Kodiak Resident Earnings by Fishery, 1995-2000
Millions of Dollars

Fishery	1995	1996	1997	1998	1999	2000
Crab	\$24	\$17	\$19	\$22	\$33	\$12
Groundfish	39	33	36	19	29	28
Sablefish	5	5	5	4	3	4
Halibut	12	14	21	12	22	27
Herring	6	7	2	2	2	2
Salmon	33	18	14	22	24	16
Other	1	2	1	1	1	1
Total	\$119	\$98	\$98	\$82	\$115	\$90

Source: Alaska Commercial Fisheries Entry Commission

The top five gear types and fisheries for Kodiak resident harvesters were groundfish otter trawl (\$16 million), large vessel halibut longline (\$15 million), small boat halibut longline (\$12 million), salmon purse seining (\$9 million) and tanner crab pot gear (\$8 million). The highest level of participation in terms of permits fished were in the groundfish fisheries (311 permits), followed by salmon (292), and halibut (261)(Table 9).

**Table 9
Kodiak Resident Commercial Fishing Permits
Landings and Earnings, 2000¹**

Permit Code	Fishery	Permits Fished	Pounds	Gross Earnings	Avg. Gross Earnings	Data
D 09J	Dungeness Crab > 60' vessel	6	73,000	\$121,000	\$20,000	Actual
D 91J	Dungeness Crab < 60' vessel	5	<u>91,000</u> ¹	<u>\$160,000</u>	<u>\$32,000</u>	Fishery Avg.
K 91T	Bristol Bay King Crab, > 60' vessel	34	889,000	\$4,294,000	\$126,000	Actual
K 09T	King Crab, Pot Gear, < 60' vessel	1	<u>11,000</u>	<u>\$51,000</u>	<u>\$51,000</u>	Fishery Avg.
K 91K	King Crab, Pot Gear, > 60' vessel	1	Data not available due to State confidentiality standards			
T 91Q	Tanner Crab > 60' Vessel, Bering S.	35	4,043,000	\$7,557,000	\$216,000	Actual
T 91 QD	King Crab Bering S. CDQ	1	Data not available due to State confidentiality standards			
Total Crab		83	5,229,000	\$12,390,000	\$149,000	Actual
C 06B	Sablefish Longline < 60' (NOT SE OR PWS)	22	1,153,000	\$2,423,000	\$110,000	Actual
C 61B	Sablefish Longline > 60' vessel statewide	20	898,000	\$1,973,000	\$99,000	Actual
Total Sablefish		42	2,051,000	\$4,396,000	\$209,000	Actual
I 26B	Ling Cod Mechanical Jig	<u>1</u>	<u>2,600</u>	<u>\$1,700</u>	<u>\$1,700</u>	Fishery Avg.
M 05B	Misc. Finfish Hand Troll	9	61,000	\$25,000	\$2,700	Actual
M 06B	Misc. Finfish Longline, < 60'	50	3,826,000	\$1,502,000	\$30,000	Actual
M 07B	Misc. Finfish Otter Trawl	33	119,665,000	\$16,284,000	\$493,000	Actual
M 09B	Misc. Finfish Pot Gear, < 60' vessel	56	9,780,000	\$3,467,000	\$62,000	Actual
M 26B	Misc. Finfish Mechanical Jig	98	1,613,000	\$640,000	\$6,500	Actual
M 61B	Misc. Finfish Longline, >60'	8	1,357,000	\$541,000	\$68,000	Actual
M 91B	Misc. Finfish Pot Gear, >60'	56	14,722,000	\$5,054,000	\$90,000	Actual
Total Groundfish		311	151,026,000	\$27,514,000	\$88,000	Actual
B 26B	Halibut Mechanical Jig	16	33,000	74,000	\$4,600	Actual
B 06B	Halibut Longline Vessel < 60'	154	4,917,000	\$12,136,000	\$79,000	Actual
B 61B	Halibut Longline > 60'	91	5,887,000	\$14,512,000	\$159,000	Actual
Total Halibut		261	10,837,000	\$26,722,000	\$102,000	Actual
G 01A	Roe Herring Purse Seine	1	<u>187,000</u>	<u>\$54,000</u>	<u>\$54,000</u>	Fishery Avg.
G 01K	Roe Herring, Purse Seine, Kodiak	13	<u>1,677,000</u>	<u>\$582,000</u>	<u>\$45,000</u>	Fishery Avg.
G 01T	Roe Herring, Purse Seine, Bristol By.	18	4,383,000	\$412,000	\$23,000	Actual
G 34K	Roe Herring, Gill Net, Kodiak	6	<u>108,000</u>	<u>\$31,000</u>	<u>\$5,100</u>	Fishery Avg.
G 34T	Roe Herring, Gill Net, Bristol Bay	<u>1</u>	<u>5,800</u>	<u>\$900</u>	<u>\$900</u>	Fishery Avg.
H 01M	Herring Food/Bait Purse Seine, Peninsula/Aleutians	3	<u>604,000</u>	<u>\$121,000</u>	<u>\$40,000</u>	Fishery Avg.
Total Herring		43	9,643,000	\$1,517,000	\$35,000	Actual

(Table 9 continued next page)

Source: Alaska Commercial Fisheries Entry Commission

- Some data was confidential. For these gear groups, fishery average harvest and earnings were used. These estimates are denoted as underlined. Totals may not reflect sums of column items because although data for some fisheries was confidential, the totals by species groupings were available except for groundfish, where the sum of CFEC and fishery averages was used.

Table 9 (continued)
Kodiak Resident Commercial Fishing Permits
Landings and Earnings, 2000¹

Permit Code	Fishery	Permits Fished	Pounds	Gross Earnings	Avg. Gross Earnings	Data
S 01A	Salmon Purse Seine Southeast	3	<u>1,211,000</u>	<u>325,000</u>	<u>\$108,000</u>	Fishery Avg.
S 01K	Salmon Purse Seine Kodiak	131	28,871,000	\$9,391,000	\$72,000	Actual
S 01L	Salmon Purse Seine Chignik	11	<u>1,864,000</u>	<u>\$1,403,000</u>	<u>\$128,000</u>	Fishery Avg.
S 02K	Salmon Beach Seine, Kodiak	2	Data not available due to State confidentiality standards			
S 03E	Salmon Drift Gillnet, PWS	4	99,000	\$109,000	\$27,000	Actual
S 03H	Salmon Drift Gillnet, Cook Inlet	6	83,000	\$54,000	\$9,000	Actual
S 03M	Salmon Drift Gillnet, Peninsula/Aleutians	4	374,000	\$311,000	\$78,000	Actual
S 03T	Salmon Drift Gillnet, Bristol Bay	25	1,421,000	\$940,000	\$38,000	Actual
S 04K	Salmon Set Gillnet, Kodiak	94	6,908,000	\$3,595,000	\$38,000	Actual
S 04T	Salmon Set Gillnet, Bristol Bay	11	275,000	\$181,000	\$16,000	Actual
S 04W	Salmon Gillnet, Kuskokwim	1	<u>6,000</u>	<u>\$2,000</u>	<u>\$2,000</u>	Fishery Avg.
Total Salmon		292	41,056,000	\$16,112,000	\$55,000	Actual
O 09B	Octopus/Squit Pot < 60' Vessel	17	85,000	\$31,000	\$2,000	Actual
O 91B	Octopus/Squid Pot > 60' Vessel	<u>3</u>	<u>4,200</u>	<u>\$1,600</u>	<u>\$500</u>	Fishery Avg.
Q 11B	Sea Cucumber Diving	7	40,000	\$57,000	\$8,000	Actual
U 11B	Sea Urchin Diving	3	Data not available due to State confidentiality standards			
W 22B	Scallop Dredge	1	<u>71,000</u>	<u>\$281,000</u>	<u>\$281,000</u>	Fishery Avg.
Total Other Shellfish		31	388,000	\$1,050,000	\$34,000	Actual
TOTAL KODIAK		1,063	220,000,000	\$90,000,000	\$85,000	N/A

Source: Alaska Commercial Fisheries Entry Commission.

1. Some data was confidential. For these gears, fishery average harvest and earnings were used. These estimates are denoted as underlined italics. Totals may not reflect sums of column items because although data for some fisheries was confidential, the totals by species groupings were available except for groundfish, where the sum of CFEC and fishery averages was used.

2000 Kodiak Seafood Harvesting Employment and Earnings Estimates

McDowell Group updated the 1999 employment and payroll estimates with 2000 data from CFEC. This is the most recent year of complete data, according to CFEC. These estimates of annual average employment and take-home pay of Kodiak-based skippers and crew are essential because most government reports do not include employment or personal income from seafood harvesting, Kodiak's most important industry. The source for all other employment data, the Alaska Department of Labor, expresses employment in annual average 12-month equivalents. Harvesting employment estimates use this method to be comparable.

Following the methods used in McDowell Group's 1989 *Alaska Seafood Industry Study*, the study team considered the preparation and fishing time and assigned months of participation to each fishery. Typical crew sizes were assumed for various size vessels. Net earnings as a percent of gross fishery earnings were estimated. The effects of the same vessels and crews being used for different fisheries were considered. Finally, the assumption was made that Kodiak vessels were crewed primarily by Kodiak residents. The result was about 946 seafood harvesting jobs and

\$49 million in skipper and crew personal income, comparable to 12-month land-based salaries and wages (Table 10).

Groundfish and salmon fisheries are the leading employers, with groundfish providing 364 annual average jobs and salmon providing 318 jobs. IFQ holders fishing for halibut provide another 158 jobs, with sablefish, crab, herring and other species combining for about 106 jobs.

Table 10
Kodiak Seafood Harvesting By Fishery
Employment and Earnings Estimates, 2000

Fishery	Permits Fished	Annual Average Jobs	Gross Earnings (Millions of Dollars)	Estimated Payroll (Millions of Dollars)
Crab	83	32	\$12	\$7
Groundfish	311	364	28	14
Sablefish	42	28	4	2
Halibut	261	158	27	17
Herring	43	34	1	0.6
Salmon	292	318	16	8
Other	31	12	0.4	0.2
Total	1,063	946	\$90	\$49

Source: Permits fished and gross earnings, Commercial Fisheries Entry Commission. Annual employment and estimated payroll are estimates by McDowell Group, Inc., based on standard crew sizes, months of participation in each fishery, and study team estimates of net "take-home pay" by skippers and crew. Sum of column values may not add due to rounding.

Seafood Processing

Kodiak is a major seafood port, consistently ranking among America's top three seafood ports in terms of ex-vessel value. Kodiak processors processed an average of over 300 million pounds of seafood worth an average ex-vessel value of \$88 million a year between 1997 and 2001 (Tables 11 and 12). Total groundfish volume has declined over the past 4 years due to declining harvests.

Table 11
Ex-Vessel Landings of Seafood at Kodiak, 1997-2001
(Millions of Pounds)

Species	1997	1998	1999	2000	2001	Average
Crab						
Bering Sea Snow Crab	0.1	0.4	0.3	1.5	0.4	0.5
Dungeness Crab	0.6	0.5	0.6	0.3	0.2	0.4
Bristol Bay King Crab	0.4	0.3	0.5	0.9	0.8	0.6
Total Crab	1.1	1.2	1.4	2.7	1.4	1.5
Groundfish						
Pollock	83.3	165.8	130.5	102.2	90.8	114.5
Pacific Cod	73.1	72.0	85.0	64.9	54.7	69.9
Flatfish	19.8	13.7	8.3	14.8	15.1	14.3
Pacific Ocean Perch	4.8	5.4	5.6	9.0	9.0	6.8
Rockfish	3.0	6.3	8.1	9.2	6.5	6.6
Black Rockfish	0.2	0.2	0.1	0.3	0.2	0.2
Total Groundfish	184.2	263.4	237.6	200.4	176.3	212.3
Sablefish	3.9	3.6	3.2	3.4	2.2	3.3
Salmon	57.8	105.6	70.5	61.8	78.8	74.9
Halibut	11.0	9.1	9.9	9.3	8.5	9.6
Other Species						
Herring	8.0	4.9	3.3	2.7	3.1	4.4
Scallops	0.4	0.4	0.3	0.3	NA	0.4
Sea Cucumbers	0.1	0.1	0.2	0.1	0.2	0.1
Octopus	0.2	0.3	0.3	0.2	NA	0.3
Total Other Species	8.7	5.7	4.1	3.3	3.3	5.0
TOTAL ALL SPECIES	267.0	388.6	326.7	281.0	270.5	306.7

(Note: Totals may not reflect exact summation of columns due to rounding)

Source: Alaska Department of Fish and Game and Kodiak Island Borough

Pollock and Pacific cod alone account for about 60 percent of volume and 34 percent of value of seafood processed in Kodiak. The 2001 season marked the third annual decline in groundfish landings to Kodiak processors. Halibut landings to Kodiak processors have also steadily declined as increasing numbers of fishermen land their fish at Homer or Seward, where prices are higher. Salmon value has declined every year since 1998, and preliminary 2002 data indicates a fourth consecutive year of decline. Crab value landed in Kodiak increased annually from 1998 to 2001.

Table 12
Ex-Vessel Value of Seafood Landings at Kodiak, 1997-2001
(Millions of Dollars)

Species	1997	1998	1999	2000	2001	5-Year Average
Crab						
Bering Sea Opilio Crab	\$0.5	\$0.1	\$0.2	\$1.3	\$0.6	\$0.5
Dungeness Crab	1.3	0.7	0.9	0.4	0.4	0.7
Bristol Bay King Crab	1.3	1.2	1.7	1.7	3.9	2.0
Total Crab	3.1	2.0	2.8	3.4	4.9	3.2
Groundfish						
Pollock	8.1	11.6	13.1	8.7	12.7	10.8
Pacific Cod	15.5	13.7	25.5	24.0	15.9	18.9
Flatfish	3.5	2.2	1.3	2.7	2.9	2.5
Pacific Ocean Perch	0.2	0.4	0.5	0.7	0.4	0.4
Rockfish	0.4	0.6	0.7	0.6	0.5	0.6
Black Rockfish	0.1	0.1	0.1	0.1	0.1	0.1
Total Groundfish	27.8	28.6	41.2	36.8	32.5	33.4
Sablefish	8.0	5.2	5.7	7.0	6.9	6.6
Salmon	18.8	29.8	31.1	21.5	18.8	24.0
Halibut	21.0	10.0	20.6	23.1	16.2	18.2
Other Species						
Herring	1.3	0.7	0.8	0.7	0.9	0.9
Scallops	2.6	2.6	1.7	1.7	NA	2.2
Sea Cucumbers	0.2	0.2	0.1	0.2	0.3	0.2
Octopus	0.1	0.2	0.1	0.1	NA	0.1
Total Other Species	4.2	3.7	2.7	2.7	1.2	2.9
TOTAL ALL SPECIES	\$82.9	\$79.3	\$103.9	\$94.5	\$80.5	\$88.3

Source: Alaska Department of Fish and Game and Kodiak Island Borough

Groundfish is the mainstay of Kodiak's processing industry, averaging 69 percent of volume and 38 percent of value from 1997 to 2001 (Tables 13 and 14). Salmon is second in both volume (24 percent) and value (27 percent). Halibut accounts for 3 percent of volume and 20 percent of value, with sablefish accounting for 1 percent of volume and 8 percent of value.

Table 13
Seafood Landings at Kodiak, 1997-2001
Percent of Ex-Vessel Volume by Species

Species	1997	1998	1999	2000	2001	5-Year Average
Groundfish	69%	68%	73%	71%	65%	69%
Salmon	22	27	22	22	29	24
Halibut	4	2	3	3	3	3
Herring	3	1	1	1	1	1
Sablefish	1	1	1	1	1	1
Crab	<1	<1	<1	1	1	1
Other	<1	<1	<1	<1	<1	<1
Total	100%	100%	100%	100%	100%	100%

Source: Alaska Department of Fish and Game and Kodiak Island Borough

Even as the volume of groundfish processed in Kodiak has declined in recent years, the general decline in salmon value from 1997 to 2001 has increased the importance of groundfish as a percentage of total value processed.

Table 14
Seafood Landings at Kodiak, 1997-2001
Percent of Ex-Vessel Value by Species

Species	1997	1998	1999	2000	2001	5-Year Average
Groundfish	34%	36%	40%	39%	40%	38%
Salmon	23	38	30	23	23	27
Halibut	25	13	20	24	20	20
Herring	2	1	1	1	1	1
Sablefish	10	7	5	7	9	8
Crab	4	3	3	4	6	4
Other	3	4	2	2	<1	2
Total	100%	100%	100%	100%	100%	100%

Source: Alaska Department of Fish and Game and Kodiak Island Borough

Kodiak's processors rely heavily on groundfish as their largest volume of fish processed. Six processors (4 large and 2 small) who represent most of the processing capacity in Kodiak were interviewed for their relative volume of fish processed. All processors except one depend on groundfish for at least two-thirds of their volume (Table 15).

Table 15
Volume of Seafood Processed by Kodiak Processors, 2001
(% of Total Annual Volume)

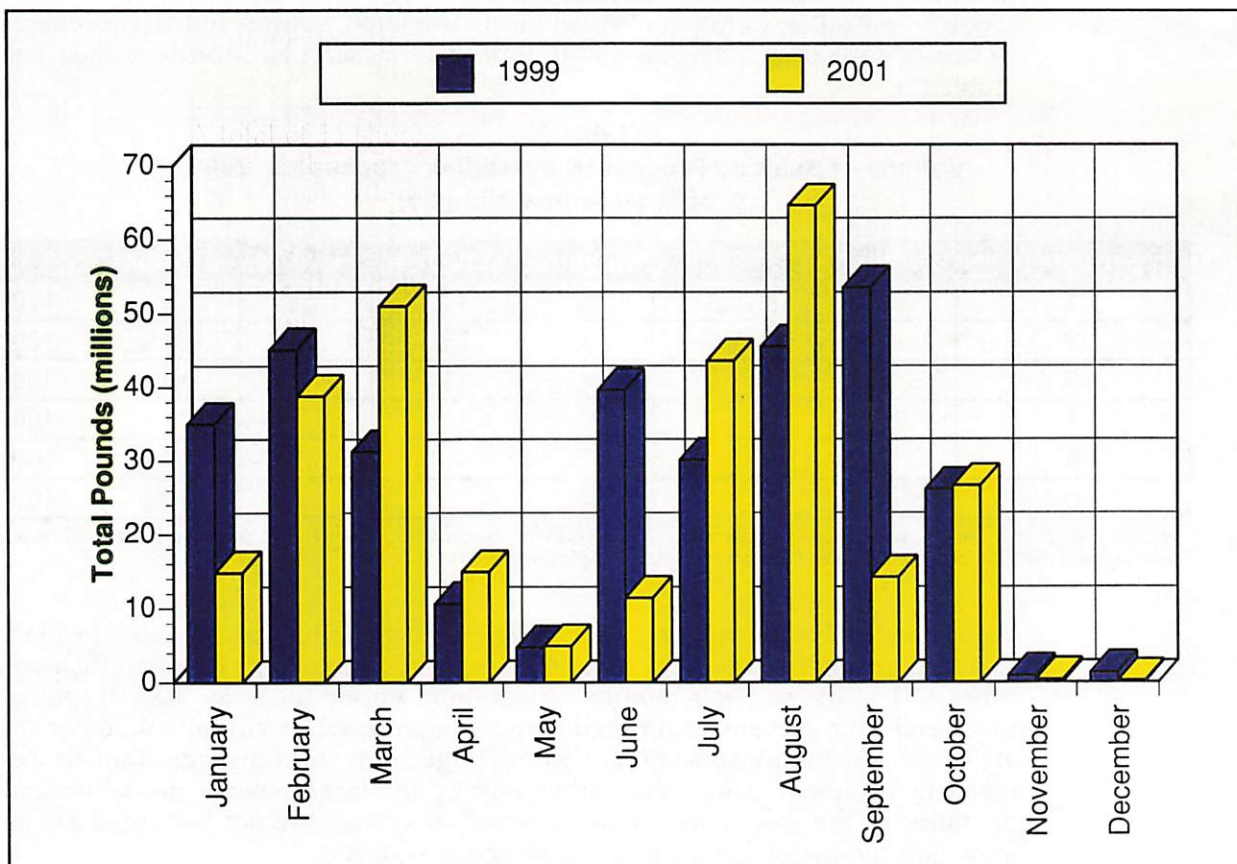
Processor	Groundfish	Crab	Halibut	Sablefish	Herring	Salmon	Total
1	65%	1%	3%	1%	15%	15%	100%
2	70%	1%	4%	2%		23%	100%
3	85%	1%	3%	1%		10%	100%
4	100%						100%
5	88%					12%	100%
6	45%		40%			15%	100%

Source: McDowell Group, Inc. executive interviews with processor executives. Processors 1 through 4 are large processors (employment > 100), and processors 5 and 6 small processors (employment < 50).

Traditionally, Pacific cod and pollock are processed throughout most of the year. Reduced groundfish quotas after 1999 lowered the percentage of groundfish volume processed in the summer months. Even more important is the loss of groundfish processed from November through January, months when virtually no other species are processed in any substantial volume (Figure 3). Although groundfish may be lower in value per pound than other species, the large volume processed and the operation of the fishery in months when other species are not harvested are key to attracting and maintaining a local workforce in Kodiak.

Salmon and herring are processed during May through September. Halibut and sablefish are processed March through November, and rockfish processing peaks in July and August.

Figure 3
Volume of Seafood Processed in Kodiak, by Month, 1999 and 2001



Source: Alaska Department of Fish and Game

Processing Employment

Unlike other areas of the state (Bristol Bay, for example) where processing plants operate seasonally and must import most of their workforce from outside Alaska, Kodiak's year-round processing operations traditionally provide adequate employment and wages to enable most of the processing labor force to live in Kodiak year-round. This, however, may be changing.

A total of 14 shore-based processors operated in the Kodiak Island Borough in 2001. In 2002, three of the 10 largest processors --Global Seafoods, Cook Inlet Processing, and Kodiak Salmon Packers -- closed their plants, as did Kodiak Seafood Processing. Department of Labor (DOL) Statistics show that processing employment increased from 1999 to 2000 and declined in 2001. To assess the impacts of the recent plant closures, the study team examined DOL employment data for the first half (January – June) of 2000, 2001 and 2002, and made estimates of employment for 2002 based on known plant closures (Table 16). Estimated employment for Kodiak shore-based processors will likely dip below 1,000 jobs in 2002.

Interviews with processors indicate that most of their workforce is still based in Kodiak. However, as mentioned earlier, more off-island labor is being used during

peak processing periods because resident processing workers are leaving Kodiak due to lack of work from lower groundfish volume.

Table 16
Annual Average Employment by Kodiak Shore-based Processors,
1999 to 2001

Processor	1999	2000	2001	2002
Ocean Beauty Seafoods	337	338	342	206
Trident Seafoods Corporation	100	184	184	188
Cook Inlet Processing (Polar Equipment)	206	228	191	1
North Pacific Processors	218	198	222	182
True World Foods (formerly International Seafoods)	208	147	126	157
Global Seafoods Kodiak LLC	7	137	74	1
Western Alaska Fisheries	137	110	126	133
Alaska Fresh Seafood	36	41	38	40
Kodiak Salmon Packers	21	29	28	1
Kodiak Fishmeal Company	17	16	17	17
Wards Cove Packing Company	3	14	20	9
Island Seafoods	6	9	13	44
Kodiak Seafood Processing	15	4	3	1
Kodiak Smoking & Processing	3	3	6	6
Total	1,314	1,458	1,387	985

Source: Department of Labor and McDowell Group Estimates

Kodiak Raw Fish Tax Revenue

Alaska's statewide landing and fisheries business taxes apply to seafood landed in each community and borough for processing. A portion of these proceeds is returned by the state to the community and the borough. The taxes received by the Kodiak Island Borough (KIB) in a given fiscal year reflect fisheries revenue from two years prior. For example, the 2002 taxes received by the KIB from the state reflect fisheries taxes collected by the state in 2000.

Payments received in FY 2003 show a sharp decline from FY 2002 payments (Table 17). Payments for FY 2004 are expected to be even lower given the continued decline of groundfish and salmon value during the 2002 fishing season.

Table 17
Shared Fisheries Tax Received by the Kodiak Island Borough,
FY 1999 - 2002

Fiscal Year Received by Borough	Fishing Year in which Taxes were Collected	Value of Seafood Landed in Kodiak (millions of dollars)	Landing Tax	Fisheries Business Tax	Total
1999	1997	82.9	13,946	841,131	855,077
2000	1998	79.3	10,247	718,310	728,557
2001	1999	103.9	24,592	923,772	948,364
2002	2000	94.5	5,219	1,282,125	1,287,344
2003	2001	80.5	37,162	759,211	796,393

Source: Dept. of Revenue annual reports on shared taxes.

RE: AGENDA C-2
GROUND FISH RATIONALIZATION

Terry Haines

N.P.F.M.C.:

I would like to propose that all crew be officially documented for purposes of identifying long term participants of rationalized fisheries. The deckhand would be issued a number (perhaps his SSN), and that number would be listed on the fish ticket. In this way, independent contractors with a history of participation could be factored in as fisheries are further rationalized. Data collection of this type could make possible a fund that could benefit all who now depend on this resource. Please refer to my proposal for a fisherman's insurance fund.

I will offer a proposal to this effect, officially, at the soonest possible date.

Thanks, Terry Haines yohaines@alaska.com
PO Box 8112
Kodiak, AK
(907) 486-4759
www.4alaskafishers.com

(2)a

Fishermen's Finest CP Trawl Proposal for Gulf Rationalization

1. LLP Qualification and Recency:

Must have valid LLP license and Gulf trawl endorsements
Must have made landings in the Gulf, in any year, 1999 - 2002

2. Catch History Qualifying Period:

1995 - 2002

Option 1: Drop one year

Option 2: Drop two years

All options include 2000 cod

3. Qualifying Landing Criteria:

Landings based on retained catch of fully-utilized species

Option 1: catch history determined based on a percentage of total retained catch per year, as function of TAC

Option 2: catch history determined on the poundage of retained catch

Landings based on retained catch of under-subscribed species

Option 1: catch history determined based on 125 percent of total retained catch per year, as function of TAC

Option 2: catch history determined on the 125 percent of the poundage of retained catch

4. Allocated Target Species:

Pacific cod (retain 90/10 inshore/offshore split)
Deep water flatfish
Arrowtooth flounder
Rex sole
Shallow water flatfish
Flathead sole
Northern rockfish
Pacific Ocean Perch
Pelagic rockfish
Sablefish (retain Amendment 14 allocation to trawl)

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2

5. Bycatch Species:

Thornyhead, Other rockfish, Shortraker/Rougheye, atka mackerel, slope rockfish

Option 1: treat as MRB

Option 2: allocate based on catch history, with the exception of WGOA

Other rockfish, which remains managed as MRB species.

Option 3: if ABC/TAC of atka mackerel increases enough to accommodate a target fishery, atka mackerel becomes allocated as a target species and assigned to open access.

6. PSC Species:

Halibut

Retain trawl/fixed gear apportionments

Option 1: allocate as percentage of catch history (e.g. if total catch history is 50% of trawl total catch, then 50% of halibut is issued)(to individual or coop)

Option 2: allocate by rate by fishery (to individual vessel or coop)

7. Allocation Assignment:

Option 1: Allocations will be made for halibut only (you get your allocation of halibut based on your retained catch history, however your retained catch history is not allocated. You get halibut and can fish for whatever species you want. Same as current system but with individual/coop level PSC accountability)

a. Individual vessel basis

b. Coop basis

Option 2: Allocations will be made at the individual vessel level (#4,5,6 species)

Option 3: Allocations will be made to a coop (#4,5,6 species)

8. Vessel Categories:

There will be no vessel categories in the CP sector. However, the pacific cod allocation will remain apportioned 90% inshore and 10% offshore. A CP vessel allocation will be based on its vessel designation, so that if it is an inshore vessel, the cod allocation is taken from the inshore cod apportionment.

9. Ownership, harvest, use caps:

There will be no ownership, harvest or use caps in the CP sector.

10. Owner on Board provisions:

There will be no owner on board provision in the CP sector.

11. Ownership/Transferability:

C/P shares are issued as a distinct class of shares.

C/P sector can lease or sell its quota, in part or in whole, to either CP or CV sector, except that the CPs have purchasing first right of refusal, thereby preserving historic participation and investment in CP sector. (Same rule applies to CV quota share.)

C/P sector can lease or buy quota from the CV sector.

C/P sector can process CV fish.

Assignment and /or ownership of quota share will go to the entity owning the License Limitation Permit.

12. Regionalization:

CP sector will have no regionalization.

13. Community Protections:

The offshore CP sector, both trawl and fixed gear, saw a reduction in the cod quota to 10% in 1993. The designation of 90% of the cod quota provides great value and benefit to the inshore harvesting and processing communities, and fully serves the intent of community protections.

For this reason, the offshore cod TAC and the remaining CP quotas should not have further deductions for community or entry-level fishery set asides. Instead, a portion of the unallocated under-utilized species TAC may be set aside for these purposes, however, the set aside will not be implemented if it requires a reduction in any allocated bycatch species to any sector.

Consideration: Allocations are made based on retained species only. This does not take into consideration bycatch that is required to catch the target, but has been discarded. When apportioning an allocation that is based on retained catch only, the recipient will lose that bycatch history which is essential to prosecuting the full target fishery amount. For example, once the allocation is made, the recipient will have to decide whether to use flatfish allocation as bycatch for the directed cod fishery, or cod bycatch for the directed flatfish fishery. The allocations issued will not have enough flatfish to prosecute fully both target fisheries because of discarded bycatch. At least there is a buffer with flatfish species where catch and TAC are less than ABC. For other bycatch species which have been discarded, and for which the TAC is taken each year, the situation is worse, as one cannot get whole without discard history. (Many discards are regulatory.)

How this relates to the community set aside, or to an entry level fishery, is that to award a target fishery requires awarding bycatch with which to prosecute it. Already, fishers are

not whole because discarded bycatch cannot be taken into account and allocated. In order to successfully fish to the community set aside, there must be bycatch. The quota share holders will take a further reduction in their initial bycatch allocation in order to fund the community set aside. This will hurt all fishers by hampering their ability even further to prosecute their target fisheries.

It is imperative that any set aside recommendation be analyzed to determine the amount of bycatch species that will be required. If initial allocation, of any species, to quota share holders must be reduced in order to accommodate the set aside or entry level fisheries, then there should be no set asides. The set aside would harm the CV and CP sectors by taking fish and not allowing them to prosecute their targets with the necessary bycatch. This would be economically harmful and investments in the Gulf fisheries would be eroded since fisheries could not longer be prosecuted at historic levels.

Because of history with CDQ fisheries in the Bering Sea where each species has been allocated to a user group, and with the AFA example of sideboard catch history, Fishermen's Finest is very concerned with the allocation that will result from retained catch only and the ability of all fishers to harvest at their historical levels. Coops can alleviate this concern provided that some coop participants do not fish and free up extra bycatch to the group.

Fishermen's Finest's preferred alternative would be a PSC-only based coop, without quota shares allocated. This allows for an open access fishery where each vessel is accountable for its halibut rates, and bycatch species do not become limiting.

2 b

Groundfish Forum Proposal for GOA Rationalization
October 31, 2002

The trawl catcher/processor fleet has significant and historic involvement in GOA fisheries. It is a unique sector of the industry, depending on flexibility of catch and fishing areas to operate effectively. The intent of this proposal is to preserve and improve the economics of the catcher/processor sector, in conjunction with the improvements available to the shoreside sector under GOA rationalization.

Economic performance in the at-sea sector has been eroded by overcapitalization and the open-access race for fish. Our goal is to create the opportunity for more efficient operations through the formation of cooperative catching/processing organizations. This proposal will also provide new opportunities for all entities in the Gulf of Alaska by providing access to quota and to new markets for underutilized species.

Basic Principles:

This proposal is based on allocation of catch history to fishery participants, either through allocations of relevant sector percentages and formation of voluntary coops or through allocation at the individual vessel level. We believe that this is the only way to effectively enable fishing cooperatives for our sector, thus reducing the race for fish in the GOA. Changes to the license limitation program will change the number of participants, but will not address basic incentives for overcapitalization. Our intent is to provide the circumstances by which vessels can fish most efficiently, minimize bycatch, and maintain the flexibility to respond to other concerns such as environmental issues and market demands. Latent license concerns may be addressed by requiring recent participation to qualify for a catch history allocation.

A basic assumption of this proposal is that cooperatives may be formed within and between vessels and sectors as market forces dictate. NMFS may require proof of contracts to assure that cooperatives have mechanisms in place to keep members within the overall coop allocations. NMFS will also work with coops to determine the amount of observer coverage necessary to maintain an appropriate level of information gathering.

Because the requirements of shoreside vessels and processors differ from those for offshore vessels, this proposal does not directly address issues surrounding allocations specific to shoreside processing entities such as Individual Processing Quotas. Community protection programs such as CIFTs and GDAs present creative ideas for assuring the continuation of shoreside participation. We encourage further analysis of these programs to determine their potential for addressing the problem statement and

their compliance with National Standards and other legal constraints. This proposal includes suggestions for providing community programs priority access to some fisheries. We have also agreed to the one-way transfer of quota share from the offshore sector to the onshore sector to further support community protection.

Underutilized Species:

One of the key elements of this proposal is the system for allocating flatfish, for which the TAC is not currently being fully harvested. Our purpose is to reward historic participation in these fisheries, while still allowing for new entrants where possible. The program is designed to encourage formation of coops, minimize the race for fish, and provide the flexibility to assign a portion of the underutilized species to community-based programs.

Under our plan, historic participants are awarded 125% of their catch history, to create the incentive and opportunity to use their existing PSC more carefully so as to have the opportunity to harvest additional quantities of target species. This also provides an incentive to form coops to maximize the benefit of the allocation. In most cases this will leave half or more of the TAC available for an 'open access' fishery. Since TACs are set well below ABCs for most of these species, there is considerable room for growth in these fisheries.

The unallocated portion of the TAC is then available for use in other programs as the Council decides. We recommend using this portion of the TAC to provide new opportunities for shoreside operations, perhaps through community protection programs such as CIFTs or GDAs. By using the unallocated TAC, communities have the ability to develop new ventures without the conflicts that result from pre-empting existing fisheries.

GFF Trawl Catcher/Processor Proposal for Rationalization of the Gulf of Alaska Trawl Fisheries

I. Qualification

All trawl catcher processors with valid LLP licenses and GOA trawl endorsements are eligible to receive an allocation of their catch history.

Option: Require participation in GOA trawl fisheries during or later than 1999.

II. Allocation of Catch History

A. Qualifying years

1995 to most recent year prior to implementation

Option 1: Drop one year

Option 2: Drop two years

B. Catch history

Catcher/processor history is based on retained catch for the qualifying years.

Shoreside catcher vessel history is based on delivered catch for the qualifying years.

C. Sector allocations

1. Pacific Cod: TAC is divided by existing regulation (90% shoreside, 10% offshore). The offshore portion is further divided between trawl and fixed gear based on the historic catch by sector for the qualifying years.
2. Target Rockfish: TAC is divided between all sectors based on historic catch by sector for the qualifying years.
3. Flatfish: Shoreside catcher vessels and offshore catcher/processors are assigned quota based on 125% of the sector percentage of the TAC for the qualifying years. The remainder of the TAC is available as an open access fishery for qualified GOA vessels. No PSC is allocated for the open access fishery. If an IPQ system is adopted, the open-access portion of the fishery will include open-access processing.

3. Flatfish, cont'd

Option 1: Community programs such as CIFTs or GDAs have priority access to the open-access portion of underutilized fisheries.

Option 2: Any unused portion of the allocated TAC will be released to the open access fishery on a date designed to be early enough for these fish to be available to the open access fishery. The release will be only for that year, and will revert back to the allocated quota the following year.

4. Sablefish: TAC is divided between fixed gear and trawl by area, as specified in Amendment 14. The trawl portion is further divided between shoreside and offshore based on the historic catch by sector for the qualifying years.
5. Halibut: PSC is allocated to trawl and fixed gear sectors as per existing regulations (2000 mt to trawl, 300 mt to fixed gear). The trawl halibut mortality cap is further divided between shoreside and offshore pro-rata to catch history by sector for the qualifying years.
6. IPQs: If a 'two-pie' system is adopted, the catcher/processor sector will receive processing shares commensurate with their harvest shares.

D. Vessel allocations

Option 1: Divide the sector allocations into vessel shares in the following categories:

1. Target species (allocated by historic catch for the qualifying years).
 - a. Pacific Cod
 - b. Target Rockfish (POP, Northern, Pelagic Slope)
 - c. Flatfish
 - d. Sablefish
2. Bycatch Species
 - a. 'Other Rockfish' in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.

2. *Bycatch Species, cont'd*

b. Thornyhead, Shortraker/Rougheye, Atka mackerel, CGOA 'other rockfish'.

Option 1: Manage these bycatch species as an open-access fishery with MRBs, as is currently done. If the TAC is reached, these species become prohibited and must be discarded. If there is danger of hitting the OFL, the MRB percent will be adjusted downward accordingly.

Option 2: Allocate these bycatch species to entities or coops based on MRB rates needed to achieve full utilization of the TAC.

Option 3: Allocate bycatch species to entities or coops based on historic catch, with species going on PSC status for that group when their allocation is taken.

3. Halibut PSC

Halibut PSC is allocated to each vessel pro-rata based on their catch history allocation.

Option 2: Do not assign individual vessel shares to the catcher/processor sector. Allow this sector to form voluntary cooperatives which will be assigned a portion of the sector allocations and PSC equivalent to their aggregate catch history. Allocations to individual vessels will be managed by the coop, outside of the Council process. Bycatch species will be managed as outlined in part two of option one, above.

III. Ownership/transferability of Quota Share

A. Quota allocations are freely transferable between sectors and gear types, except that the catcher/processor sector may not purchase quota allocations from the shoreside sector.

B. Allocations are divisible, allowing sale or lease of the entire allocation or portions thereof.

IV. Community protection

- A. Community development/protection programs such as CIFTs or GDAs may be given priority access to the unallocated portion of flatfish TACs.
- B. Communities are allowed and encouraged to purchase quota allocations from either shoreside or at-sea fishery participants (under the one-directional allocational transfer from CP to shoreside), to invest in the catcher vessel and shoreside processing industry to encourage development of the portion of underutilized TACs reserved for open access.

V. Sideboards

- A. Participants in GOA rationalized fisheries are limited to their historical participation in BSAI fisheries.
- B. The Council is strongly encouraged to rationalize all fisheries in the BSAI and GOA simultaneously to eliminate the need for sideboards.

COMBINED NPTA ? PROWLER

Longline C/P Elements and Options

General: Revise present Alternative 2. Add a new Alternative 6 for p-cod only in the WGOA. Other species to be kept at bycatch status. This proposal is a two-step process of a LLP based gear sector split followed by additional rationalization through cooperative formation based on catch history:

(1) Preliminary Action: Gear sector apportionment of p-cod (CP trawl, CV trawl, CP pot, CV pot, CP H&L, CV H&L, and jig (including inshore/ offshore) based on historical catch by sector (similar to BSAI Amendment 46/64 with the addition of inshore/offshore). Apportionment of PSC to each sector. Rollover provisions for unused TAC between sectors.

(2.) Rationalization Action: Preferred alternative is cooperative formation based on catch history. Establish cooperatives for directed cod CP H&L inshore and CP H&L offshore sectors with associated halibut PSC. Ability to coop on bycatch and bycatch reduction.

Amended Alternative 2: LLP Revision: Alternative 2 should be expanded to parallel what Amendment 46/64/67 accomplished in the BSAI in the cod fixed gear fisheries. Suggest additional gear splits (as in Element 1 below) along with inshore/offshore designations for p-cod fisheries. Add to qualifying years: 99-02.

New Alternative 6: For H&L CPs: Revise LLP program with cooperative formation.

Element 1: Gear Sector Designation: Establish H&L CP as a distinct gear sector under LLP. (H&L CP, H&L CV, pot CP, pot CV, trawl CP, trawl CV, jig, etc.).

Element 2: Area: WGOA & CGOA

Element 3: Target Species: P-cod only (directed fishing only). Non-target species to be retained at MRB status. P-cod remains at bycatch status in other longline fisheries not targeting p-cod (IFQ).

Element 4: Underutilized Species: H&L CPs should have access to underutilized species (such as arrowtooth) even if they do not have catch history for these species.

Element 5: Cod Apportionment Between Gear Sectors Including Inshore/Offshore Designations: Cod apportionment based on gear sector historical harvest including inshore/offshore designation. Separate apportionment in each appropriate gear sector for inshore/offshore catch history (example: H&L CP inshore and H&L CP offshore). Cod apportionment among gear sectors based on sector history averaged over the following years and converted to percent:

a.) 99-02

b.) 98-02

c.) 95-02

Suboption: Drop one year

Element 6: Rollovers: Establish rollover provisions for unused TAC between sectors.

Element 7: Apportionment of PSC to gear sector. Associated PSC apportioned between gear sectors (including inshore/offshore components of gear sector). Apportionment of PSC halibut would be based on amount of apportioned cod or historical PSC taken.

ADD - HISTORY ON RETAINED CATCH

Element 8: Qualifying years within CP H&L sector: Must have a landing in the following time period:

- a.) the four years immediately preceding year of Council final action (unknown).
- b.) 99-02
- c.) 98-02

d.) 95-02

Element 9: Cooperative Formation: Based on catch history in the qualifying years. No minimal landing requirement. Each vessel brings its catch history into the coop no matter how small. Separate coops for directed cod CP H&L inshore and offshore, each with associated PSC. Ability to coop directed harvest as well PSC and bycatch. Ability to cooperate in bycatch reduction. Vessel catch history based on either:

- a.) Four years immediately preceding Council final action (unknown)
 - i.) Suboption: drop 1 year

b.) 99-02 average

- i.) Suboption: drop 1 year

d.) 95-02

c.) 98-02 average

- i.) Suboption: drop 1 year

Element 10: Transferability

C/P QS should be issued as a discrete class of QS.

CV and C/P QS should be transferable between sectors

Proposed exclusion of 2000 Pacific cod catch history should apply only to pot gear.

Element 11: Community Considerations

There should not be an apportionment from the C/P sector for community considerations