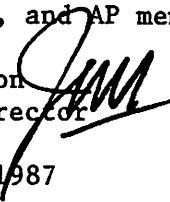


M E M O R A N D U M

TO: Council, SSC, and AP members

FROM: Jim H. Branson 
Executive Director

DATE: December 4, 1987

SUBJECT: Future of Groundfish Management

ACTION REQUIRED

- A. Receive report on first workgroup meeting.
- B. Reconsideration of December 31, 1987 cut-off date in the Council's Statement of Commitment on groundfish management.

BACKGROUND

Future of Groundfish Fisheries Committee

The FOG Committee met November 19-20, in Seattle and held a frank and open discussion on current and anticipated problems in the groundfish fisheries. All committee members demonstrated a strong commitment to meeting their charge from the Council. Dorothy Lowman will provide a detailed briefing of the first meeting. The committee will meet again in Seattle on December 17-18, at the Northwest and Alaska Fisheries Center.

Reconsideration of Cut-off Date

After adopting the Statement of Commitment at the September 23-25 meeting, the Council agreed to reconsider, at this meeting, inclusion of the December 31, 1987 date. Some industry representatives thought that date would unnecessarily chill near-future investment in the industry. A copy of the Statement of Commitment is attached.

Statement of Commitment

As Approved by the North Pacific Fishery Management Council
Anchorage, Alaska
September 25, 1987

On December 7, 1984 the North Pacific Fishery Management Council adopted nine comprehensive management goals designed to provide a sense of direction for the course of its fishery management decisions over the next decade. The Council's comprehensive goals are consistent with, and supplemental to, the National Standards of the Magnuson Fishery Conservation and Management Act.

By adopting the nine goals, the Council made a commitment to (1) assure future productivity of fish stocks, (2) support the stability and economic well-being of the fish industry and the communities dependent upon that industry, and (3) efficiently manage the resources within its jurisdiction for the benefit of the citizens of the U.S.

Expansion of the domestic fleet harvesting fish within the EEZ off Alaska has made compliance with the MFCMA's National Standards and achievement of the Council's comprehensive goals more difficult under current management regimes. The North Pacific Fishery Management Council therefore is committed to pursue alternate management methods that will support the Comprehensive Goals adopted by the Council and achieve more productive and rational effort and harvest levels in the groundfish fishery.

To fulfill this commitment the Council will:

1. Develop strategies for license limitation or use of individual transferable quotas in the sablefish longline fishery. The process will begin at the September 1987 meeting and the Council intends to implement the selected management strategy for the 1989 season.
2. Develop a management strategy for the groundfish fisheries of the Gulf of Alaska and Bering Sea by 1990. Establish a workgroup to consider the need for and impacts of alternative management techniques for groundfish with a full analysis report due by the June 1988 Council meeting.
At the June 1988 meeting the Council will consider alternative cut-off dates beyond which new entry into the groundfish fisheries may not accrue credit should access limitation be implemented in the future. The alternative dates include, but are not limited to:
 - (1) December 31, 1987*
 - (2) December 31, 1988
 - (3) Date of final Council action.
3. Consider effort management in the halibut and crab fisheries.

*NOTE: At the December 8-11, 1987 meeting, the Council will reconsider inclusion of this date.

**Future of the Groundfish Fisheries Committee
Report to the Council
December 9, 1987**

November Meeting

The first meeting of the Future of the Groundfish Fisheries Committee was held at the Montlake Lab in Seattle on November 19-20. All committee members were present.

Jim Campbell gave some introductory remarks to the committee concerning their charge and Jim Branson reviewed past and current Council activities related to limited access issues. The committee then heard reports on other related activities on the West Coast.

The committee had a roundtable discussion of the problems in the groundfish fisheries as they see them and began to develop a set of criteria against which to test any system which they may develop over the next six months.

Considerable discussion took place over whether the committee should make a recommendation concerning the December 31, 1987 cutoff date option under reconsideration by the Council. The resulting recommendation is presented below.

Dan Huppert gave a report on a study he is currently conducting which examines "new management methods for the North Pacific groundfish fisheries". This study, funded by the Fisheries Management Foundation, is scheduled for completion in mid December. This presentation stimulated discussion on some of the tradeoffs of various alternatives.

The committee also discussed desired background materials and resource people to assist them in carrying out their charge.

A more detailed account of the meeting can be found in the attached draft summary minutes.

Council's Reconsideration of the December 31, 1987 cutoff date.

The Committee recommends that the Council retain the December 31, 1987 date as an option for a cutoff date. This recommendation, which was approved by a 7 to 4 vote, does not imply that the committee necessarily desires this cutoff date. Rather that they do not want to see it eliminated as a possibility.

December Meeting

The next meeting of the committee is scheduled for December 17-18, beginning at 8 am. It will be held in Room-2143, Building 4 at the Northwest and Alaska Fisheries Center, 7600 Sand Point Way N.E., in Seattle.

DRAFT

**Summary Minutes
Future of Groundfish Fisheries Committee Meeting
NMFS Montlake Lab
November 19-20, 1987**

Call to Order

Chairman Nancy Munro called the meeting to order at 1 pm, November 19, 1987. All members of the committee were present. Committee members are:

Nancy Munro	Gordon Jensen
Joe Blum	Brian Kelly
Frank Bohannon	Mark Lundsten
Bart Eaton	Mel Morris
Dave Fraser	Wally Pereyra
Dave Harville	Kris Poulson
Victor Horgan	

Council Charge to the Committee

Jim Campbell reviewed the charge of the committee to prepare a recommendation on how the groundfish fisheries should be managed in the long term. He stated that, in recommending a longterm management plan for the groundfish fisheries, funding levels required for management must be addressed.

Council Historical Involvement With Limited Access Issues

Jim Branson provided an overview of past and present Council actions with respect to limited access options in the salmon, halibut and sablefish fisheries. In 1985 the sablefish fishing industry came to the Council and requested that the Council begin development of a plan. A cutoff date of September 26, 1985 was set. The Council made a Statement of Commitment to have a limited access program implemented for the sablefish fishery by 1989. They hope to have the framework of this program developed by January or April of 1988.

Jim Branson also described the difference between a cutoff date and a moratorium for the committee, i.e., a moratorium allows no new entry after implementation while a cutoff date acts as notice that after that date new entrants may not get credit for participation should a limited access program be developed.

Related Activities on the West Coast

Dorothy Lowman updated the committee on the activities of the Pacific Fishery Management Council's Groundfish Limited Entry Committee. The committee, comprised of longline, pot, and trawl fishermen, a processor, legal counsel and enforcement personnel, is scheduled to provide a recommendation to the Pacific Council at their July 1988 meeting. At present they are focusing their efforts on a license limitation scheme, although they have been directed to investigate the use of ITQs for the whiting fishery.

A Saltonstall-Kennedy grant has been awarded to Highliners Association to investigate different limited access alternatives for the North Pacific groundfish and shellfish fisheries. Jim Crutchfield of NRC will be principal investigator. While the contract has been awarded the funds have not yet been distributed for the project. Dr. Crutchfield has indicated a willingness to restructure the project to best coordinate with the committee's work and schedule.

Committee Discussion of Problems Facing The Groundfish Fishery

A round table discussion of the problems currently facing the groundfish fisheries occurred. The change in the strength of the US dollar encouraging greater investment was identified as one factor accentuating these problems. Among the concerns identified by a number of the committee members were: (1) overcapitalization, (2) lack of stability in management necessary for planning, (3) shorter seasons, (4) gear group conflicts, (5) loss of product quality, (6) decreasing funds for data collection, and (7) uncertain future for current JV participants.

In view of these increasing problems, the committee agreed that an effective longterm management plan should have the following characteristics:

- (1) be a comprehensive plan, addressing all groundfish species and possibly crab as well;
- (2) stand the test of time, i.e., not need constant readjustment;
- (3) provide stability for industry planning;
- (4) have the flexibility to respond to resource fluctuations;
- (5) prevent overcapitalization in the processing sector; and
- (6) assist in settling allocation issues.

Work in Progress: Fisheries Management Foundation Study "New Management Methods for the North Pacific Groundfish Fisheries"

Dan Huppert met with the committee to discuss his work investigating management alternatives for the North Pacific groundfish fisheries. The six month study, funded by the Fisheries Management Foundation, is scheduled for completion by mid December. The report will include discussions of the status of the fishery, a quantitative analysis of optimum fleet size using a linear programming model, and a discussion of time and area restrictions, license limitation and Individual Transferable Quotas (ITQs) as management alternatives for the North Pacific groundfish fisheries. He identified three major potential problems in the management of Alaska groundfish fisheries: (1) overcapitalization, (2) management of incidental catch, and (3) degradation of management data as domestic utilization increases and funding becomes more constrained.

Given that in Alaskan fisheries the flexibility to switch among fisheries is important, Dan Huppert expressed the view that maintaining this flexibility would be difficult under a license limitation form of effort control. However, it might be possible to have more than one kind of license. ITQs avoid the flexibility problems but the initial allocation of shares can be difficult.

During the ensuing discussion, committee members brought up the issue of foreign ownership of shares and the difficulty in preventing such ownership. Mark Lundsten expressed concern about potential negative impacts on coastal communities, stating that he understood that had been a problem in New Zealand. Kris Poulson brought up the fact that an alternative to allocating shares on a historical participation basis might be to sell the initial shares.

Straw Man Proposal

Mark Lundsten volunteered to put a "straw man" proposal on the table to elicit more specific comments concerning effort limitation in the groundfish fisheries. His proposal was to develop a share quota system for the current DAP fisheries, leaving JV fisheries open access until the time they become fully domestic. At that time shares would be allocated by historical participation. Shares would be owned by fishermen. Vessel

construction would be frozen, although those vessels in the process of being built would be included.

In discussing this proposal Vic Horgan suggested that shares for processors might also be desirable. Wally Pereyra brought up the need for domestic preference, suggesting that allowing for processor shares could provide more incentive for increased domestic processing. Frank Bohannon stated that JVs needed to be addressed more specifically. Brian Kelly expressed concern that boat construction not be frozen. He stated that this assumes that the present fleet is the optimal for harvesting the resource. Instead, he suggested that a dual system for mother ship operations and factory trawlers might be in order. Wally Pereyra pointed out that one of the advantages of an ITQ system would be that it would allow the owner to decide what kind of fishing operation to employ to harvest his shares. The market place would decide how the fishery develops. Dave Fraser pointed out that any system allocates and that the question is also whether the allocation is desirable. He suggested that some modifications might be needed to achieve social objectives and did not see ITQs as a panacea.

Council Consideration of the December 31, 1987 Cutoff Date

The question arose concerning whether the committee wanted to provide input to the Council when they reconsidered the December 31, 1987 cutoff date option at the December Council meeting. Brian Kelly brought up the factory trawlers' concern that this date not be considered. Frank Bohannon stated that the growth in effort being planned is enormous and that cut off should not be delayed. Joe Blum cautioned against the committee taking an official position on the issue but suggested that individuals should make their concerns known to the Council. Jim Branson reminded the committee that a cutoff date was not a moratorium. Dave Fraser made a motion that the committee indicate to the Council its desire that the December 31, 1987 date be kept as one of several options. The motion passed by a vote of 7 to 4, with one abstention.

Committee Timeline and Process

Nancy Munro proposed a process and time schedule for completion of the committee's task. Several of the committee members felt that it was too methodical and did not get to the task at hand fast enough. The committee requested that they be sent the best, most concise description of effort limitation alternatives currently in practice throughout the world. Committee members made a commitment to doing their homework and preferred having resource people familiar with different systems present at the next several meetings to answer questions rather than hearing formal presentations. A packet of background papers will be sent to each committee member by November 27. Statistical information on the current trends in the fisheries (catch levels, numbers of vessels, etc) will be sent to the committee prior to the December 17-18 meeting. Based on the discussion at the November meeting a list of criteria against which to test any system developed by the committee will also be drafted. Minutes of the meetings will be kept and distributed to the committee members.

Dates for the next two committee meetings were selected. The December meeting will be held on December 17-18 and the January meeting will be on January 11-12, 1988. Meetings will be held either at the Montlake Lab or at Sand Point.

At the December meeting individuals familiar with various access limitation programs will be asked to attend. Suggested resource people include Dan Huppert, Chris Dewees (New Zealand ITQ program) Stephen Greene (Nova Scotia enterprise allocation system), Ron Miller (Alaskan license limitation programs), and Courtland Smith. At this meeting the committee will begin to develop the elements of a specific plan.

Nancy Munro asked the committee how they wanted to handle audience participation. It was the consensus of the committee that this should be left to the discretion of the chair but should be minimized.

Bart Eaton suggested that each committee member file a financial disclosure outlining their financial interest in the fisheries. Jim Branson agreed to draw up a form and distribute it to the members.

With respect to providing information to the press, it was agreed that the committee have one official spokesman. Because of Nancy's full travel schedule it was agreed that Dorothy Lowman would act as liaison with the press.

Adjournment

The meeting was adjourned at 1:30 pm, November 20, 1987.