

## REPORT TO NORTH PACIFIC FISHERIES COUNCIL

SUBJECT: Pacific Regional Fisheries Council public hearing  
on ocean salmon management plan - February 19, 1977  
at Olympic Hotel, Seattle.

I would like to report to this Council concerning the public hearing conducted at the Olympic Hotel in Seattle on February 19, 1977. This hearing was conducted for the Fishery Management Plan that was adopted by the Pacific Council as of their February meeting in San Diego. This plan covered the ocean commercial & recreational salmon fisheries.

The essential points of the plan are as follows:

1. South of Tillamook Head, Oregon, the regulations for the 1977 season will be the same as 1976.
2. North of Tillamook Head, Oregon, the F.M.P. would regulate the ocean salmon commercial troll fishery as follows:
  - a. Chinook fishing beginning on May 1.
  - b. Closure for all species June 1 - 30th.
  - c. All species opening from July thru September 15th.
  - d. 28" limit (minimum) on Chinook salmon throughout the openings.
  - e. Barbless hooks (only) during the May opening to reduce the mortality rate on undersized Chinook or coho salmon.
3. Marine recreational fishing for the area North of Tillamook Head:
  - a. Opening prior to Memorial Day through October 31st.
  - b. 24" minimum on Chinook salmon through the season.
  - c. Three fish per person limit.

4. *mandatory hold inspection within 48 hrs. of opening*  
The hearing was moderated by Mr. John Martinez of Everett, Washington, a member of the Washington State Legislature, and a member of the Pacific Regional Council. This hearing was one of several being conducted during that weekend in Boise, San Francisco, Coos Bay, and other fisheries centers. Approximately 300 people attended the Seattle hearing.

The following are the major interest groups testifying before Martinez and the essence of their concern:

I. Commercial Fishing:

- ① Spokesman for Congressman ~~Wick~~ <sup>Bonker</sup> of Washington State -

- a. Opinion that the management plan did not reflect the true spirit of Congress in it's study and concensus in passing of the law P.L. 265 by that body.

Two points in this respect:

1. Intent of the law was not to immediately begin a reduction of U.S. Fisheries adjacent to our shores but rather to restrict foreign efforts.
2. The intent of the law, in the view of the Congressman, necessarily was not to further the Boldt decision of the controversial Indian tribal treaties of the State of Washington.

This statement was rebutted by the Chair with a statement that the law PL-265 did in fact have a clause relating to Indian treaty rights.

*Commercial*  
2. Commercial Trollers: Several groups testified on major points:

1. Management Plan singled out high-seas commercial trolling to be the major loser in respect to production and returns to meet the aim and objectives of the plan as stated by Dr. Ken Henry in the opening remarks of the hearing:  
N.M.F.S.
  - a. To alleviate the Washington State fisheries management problem of supplying "X" numbers of Chinooks to the Treaty Indians as ruled by Judges Boldt and Belloni.
  - b. To facilitate a more proper conservation policy concerning Washington Chinooks and Coho's.
2. The trollers stated it would not be possible to make a living with a 2½ month season.
3. The 1976 Chinook escapement exceeded conservation needs and tribal Indian needs of the Columbia River system.
4. Canadian fishermen would have access to the stocks from the northern migratory patterns. The fishermen of California and Oregon would have a similar access to the stocks from the south.
5. While the commercial troll industry would not be allowed to fish the stocks, the large and growing charter-boat industry would be fishing the stocks that were supposedly being conserved, etc.
6. That the in-shore recreational fishermen would also be making the normal plus inroads on the stocks.
7. That the 28" limit was a waste of a marketable fish and would not meet the objectives of the management plan. Again, Canadians and trollers to the south would not be fishing on a 28" limit - nor would the recreational fisherman.
8. That truck loads of imported 20" Chinook from Canada have been observed in the off-loading areas of U.S. markets.

II. Charter Boat Operators:

1. Opposed some aspects of the plan. Did not feel a need to curtail the troll fleet so drastically.
2. Requested that there should be a "limited entry" approach to charter boats, per se.

III. Processors:

1. Opposed the plan:
  - a. Related to employment losses at shore-side plants.
  - b. Could not operate if revenues were to be so drastically reduced in Washington shore plants.

IV. Treaty Indians:

1. Agreed with the plan as meeting the needs of their people.

V. Consumers Groups:


1. Testified to the importance of having a quality product on the market as can only be supplied by a commercial troller.

A statement in the plan indicates that Washington fishermen will probably have to migrate to other areas during the season such as Oregon, California or southeast Alaska. This should be a concern of these areas.

My testimony as instructed from this Council was as follows:

1. The N.P.F.C. has the expressed intention of developing a commercial troll M.P. that has a philosophy and intent which will bring its plan into a close working relationship with the Pacific Council's final plan.
2. A working team has been appointed to formulate a North Pacific Troll Management Plan.
3. The public hearings for this plan ~~are~~<sup>are</sup> scheduled for late August in southeastern Alaskan cities.
4. The A.D.F.&G. will implement a 28" minimum king salmon limit in March, 1977.

Respectfully submitted,

  
J. B. Gotant  
Chairman, Advisory Panel

Follow-up on PRFC - Ocean Salmon Plan

The Pacific Regional Fisheries Council, during its March 17-18 meeting in Seattle, adopted a revised FMP on ocean commercial and recreational salmon fishing - The essential points are as follows:

1. South of Tillamook Head, Oregon, the 1977 season will be the same as 1976
2. North of Tillamook Head, Oregon to the established Washington/Canadian fisheries boundary line:
  - a. May 1st opening for commercial trolling on Chinook stocks - closure May 31st.
  - b. June 1st opening for commercial trolling on all species - closure September 15, 1977.
  - c. A late Sept. 15 - Oct. 31 opening south of Point Grenville on Washington's coast.
  - d. Mandatory hold inspection on all commercial trolling vessels 48 hours prior to the above openings.
  - e. Sports fishing opening in May thru October 31, 1977. 24" min - Chinook -
  - f. Barbless hooks for commercial trolling.
  - g. 28" limit - minimum on Chinooks reduced to 26" minimum. Considered unenforceable with Canadians, etc. Coho - 16" min.

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MEMORANDUM

TO: LEE ALVERSON, Chairman  
Scientific and Statistical Committee  
North Pacific Fisheries Management Council

FROM: FRANKLIN L. ORTH, Economist  
University of Alaska

DATE: March 7, 1977

SUBJECT: Economic Studies of Tanner Crab

A meeting of fisheries economists was held in Juneau on March 4 to discuss economic research which the group considers to be pertinent to the North Pacific Fisheries Management Council's deliberations with respect to total harvest and allocations of Tanner crab resources in the Eastern Bering Sea. The following economists participated in this meeting:

Eric Anderson, N.W.F.C.  
Don Collinsworth, A.D.F. & G.  
Abby Gorham, University of Alaska  
Howard Ness, N.M.F.S., Juneau  
Frank Orth, University of Alaska  
Lewis Queirolo, Alaska Limited Entry Commission  
George Rogers, University of Alaska

It was the consensus of the group that the immediate objective of the economic research is to assist the Council in determining, on an interim basis, the "optimum yields", "domestic allowable harvest" and "foreign allowable catch" for the draft management plan. It was also agreed that, given the time constraint and existing commitments of those in attendance, a group effort would be required in order to provide meaningful input to the Scientific and Statistical Committee by mid-May. The subject areas agreed upon and the tentative assignment of responsibilities to work on them are shown in Attachment 1. A more comprehensive longer-range study was believed to also be desirable. Attachment 2 is the draft proposal (revised in accordance with the recommendations of the group) for the longer-range study which will be submitted for the endorsement of the Scientific and Statistical Committee. If endorsement is forthcoming a request for funding will be made to the National Sea Grant Program.

Two additional meetings of the fisheries-economists group are planned before submission of the results of the short-range study. It was tentatively agreed that these be held in mid-April and during the second week of May, in Juneau.

Don Collinsworth related to the group your offer to provide \$10,000 for expenses incurred by the study team and to lend the


Lee Alverson  
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assistance of Richard Marasco (upon arrival) and Eric Anderson. The group gratefully accepted the offer although questions were raised about the mechanics of gaining access to the funds and the administrative control over their use. Eric Anderson was requested to explore these questions with you further. Attachment 3 is a suggested budget for these funds.

I would like to emphasize that it was the sense of the group that the unfunded efforts of the participating persons and their respective agencies must be subsidiary to their existing responsibilities. Secondly, because results must be provided within a relatively short period of time, the scope and depth of the work will not be satisfactory. The effort should result in a report which 1) summarizes already-documented information and additional information gathered by the study team (as outlined in Attachment 1); 2) assesses the significance of the information in terms of issues under the Council's consideration, and 3) provides an assessment of further research needs.

A copy of this memorandum and the proposal for the longer-range study (Attachment 2) is being sent to the other members of the Scientific and Statistical Committee for their review. It is my hope that the Committee will endorse the proposal, or suggest revisions, at the March meeting.

FLO/nh

  
Franklin L. Orth

Attachments

cc: Steven Pennoyer  
Eric Anderson  
Don Collinsworth  
Abby Gorham  
Howard Ness  
Donald H. Rosenberg  
Lewis Queirolo  
George Rogers  
Donald Bevan  
Jim Branson  
Robert Loeffel  
Edward Miles  
Carl Rosier  
Bernard Skud  
Charles Woelke

Short-Term Economic Study of Tanner Crab Harvesting, Processing and Marketing

| <u>Subject Areas</u>   | <u>Objectives</u>  | <u>Responsibility</u>  |  |
|--|--|--|--|
|  |  | <u>Person</u>  | <u>Agency</u>                                    |
| I. Consumption Patterns and Trends<br>a. Amounts<br>b. Prices<br>c. Geographic markets<br>d. Product forms<br>e. Elasticities                                      | Ia-e. Assemble available information<br>Update information as time and information allow<br>Summarize and evaluate information   | Eric Anderson  | N.W.F.C.   |
| II. Harvesting Capacity<br>a. Physical capacity by harvest area<br>b. Effective economic capacity  | IIa. Assemble available information into harvesting-capacity estimates<br>Seek evaluation by Shellfish Study Groups<br>IIb. Vessel cost and earnings profile<br>Seek evaluation by Shellfish Study Groups<br>IIa-b. Summarize and evaluate information | Abby Gorham<br>Lewis Queirolo<br>Eric Anderson<br>Lewis Queirolo   | U. of A.<br>A.C.F.E.C.<br>N.W.F.C.<br>A.C.F.E.C. |
| III. Processing Capacity-Capacity Utilization<br>a. by product form<br>b. by geographic location of plants   | IIIa-b. Assemble available information<br>Conduct capacity survey<br>Summarize and evaluate information  | Frank Orth<br>Abby Gorham<br>Jim Richardson<br>Don Collinsworth    | U. of A.<br>U. of A.<br>U. of A.<br>A.D.F. & G.  |
| IV. Potential New Market Development<br>a. U.S. market potential<br>b. Foreign market potential  | IVa. Review recent new market development experiences<br>IVb. Contact knowledgeable members of industry<br>IVa-b. Summarize and evaluate information   | Howard Ness<br>Howard Ness<br>Howard Ness                          | N.M.F.S.<br>N.M.F.S.<br>N.M.F.S.                 |
| V. Institutional Factors<br>— a. Primary processing requirements<br>b. Negotiated exvessel prices<br>c. Market concentration and channels<br>d. Foreign investment | Va-d. Assemble available information<br>Summarize and evaluate information   | Frank Orth<br>Abby Gorham  | U. of A.<br>U. of A.                             |
| VI. Integration of Subject Areas   | VI. Summarize and evaluate all information<br>Write report for Scientific and Statistical Committee.   | Frank Orth and Abby Gorham will coordinate efforts of participants | U. of A.   |

ATTACHMENT 2



Program: RENEWABLE MARINE RESOURCES  
Project: R/14-02

Title: Market Demand and Market Channels for  
Tanner Crab. Proposed as a Supplement  
to Market Structure of Alaska Seafood  
Processing Industries (Project R/14-01)

Principal Investigator: F. L. Orth  
Unit: School of Management

Funding Information  
Present level: SG: \$0 Proposed level: SG: \$  
UA: \$0 UA: \$  
Date Initiated: 1 June 77 Est. Comp. Date: 31 Oct. 78

### BACKGROUND AND NEED

A three-year study, funded by Alaska Sea Grant (See Appendix A) of the market structure and performance of Alaska's seafood processing industries with emphasis on those industries processing crab and shrimp products, began in November, 1976. Another study, designed to develop an economic profile of the harvesting sector of Alaska's shellfisheries, has recently been initiated by the Alaska Commercial Fisheries Entry Commission and is being funded by National Marine Fisheries Service. The purpose of these studies is to investigate, interpret, and document the basic structural and technological characteristics of the harvesting and processing sectors of Alaska's primary shellfisheries for use by state and federal resource-management agencies and industry participants.

Early on in the deliberations of the North Pacific Fisheries Management Council and its Scientific and Statistical Committee, an additional research need has been identified as requiring immediate attention. A study of demand, and projected growth of demand for tanner crab, disaggregated by principal market area, and a description of existing marketing channels, are needed for evaluating the market impacts of increasing utilization and/or changing allocation of the tanner crab resource. While large increases in utilization may be biologically feasible, the Council wishes to insure that the economic consequences of expanded use are favorable.

In order to provide a timely response to the Council's needs, an increase in the scope and funding level of the seafood processing market structure study is being proposed. Extending the existing research project is desirable because: 1) there is a significant degree of subject-matter complementarity between market structure research and demand analysis and 2) the demand analysis needs to be supplemented by a base-line description of marketing channels

and the latter is already incorporated in the existing project. The marketing channels research needs to be elevated in priority and accelerated within the existing project in response to the immediate needs of the Council.

### OBJECTIVES

To provide information which will assist the North Pacific Fisheries Management Council in making informed judgments on the allocations of tanner crab resources. The specific objectives of the proposed research are:

1. Conduct a search for existing secondary data at the three basic levels of demand, exvessel, wholesale and retail.
2. To develop to the extent of data availability estimates of demand at alternative price levels in principal market areas.
3. To develop descriptive, base-line information on marketing channels for use in evaluating the distributional impacts of the Council's decisions. This line of research would include an analysis of Japanese market structure and marketing channels in the tanner crab industry.
4. To integrate the above research objectives, to the degree practicable, with related research efforts in the existing seafood processing market structure project and other ongoing research.

### APPROACH

Analysis of the demand for tanner crab will require time-series data on:

1. the price and quantity of tanner crab in each year
2. the price and quantity of king crab in each year
3. the price of other substitute products
4. consumer income, and
5. population

It would be desirable, although it will not be known until the data search is complete whether it will be feasible, to obtain the above data by market area, domestic and foreign.

The above information will provide the basis for constructing a statistical demand model which will be used for projecting alternative demand levels in future years under certain assumed market expansion conditions and changes in supply. It is hoped this predictive aspect of the study will assist the Council in its future management decisions.

To supplement the quantitative demand analysis proposed above, is the proposed effort to quantitatively describe marketing channels for tanner and king crab products for 1976 and 1976. This information would greatly assist the Council in evaluating the locational impacts of its allocation decisions. The marketing channels research will require the collection of primary data from the processing industry. It appears that there will be good cooperation from domestic processing firms operating in domestic, or domestic and foreign, market channels. The cooperation of purely foreign firms, while necessary, cannot be assessed at this time. It is intended that someone familiar with Japanese industrial ownership patterns as well as the Japanese language undertake the foreign aspects of the industry structure and marketing channels research. A marketing channels description would provide information like that provided by the Florida Sea Grant shrimp processing study (see attached figure). Ideally a description of marketing channels would allow one to trace the entire domestic and foreign tanner crab harvest (by specie) from area of harvest to processing location (Alaska, Seattle, at sea, Japan, etc.) to final market, by product form (canned, frozen or fresh), by region (Pacific Coast, Rocky Mountain states, etc.), and by type of buyer (institution, wholesale, retail). The extent of the coverage actually achieved will be dependent upon industry cooperation, the degree of detail in which information is generally recorded, and the cost associated with extracting same.

It is intended that a preliminary report to the Council be provided by October 1, 1977, and that periodic updating be provided until study completion and issuance of a final report by October 31, 1978.

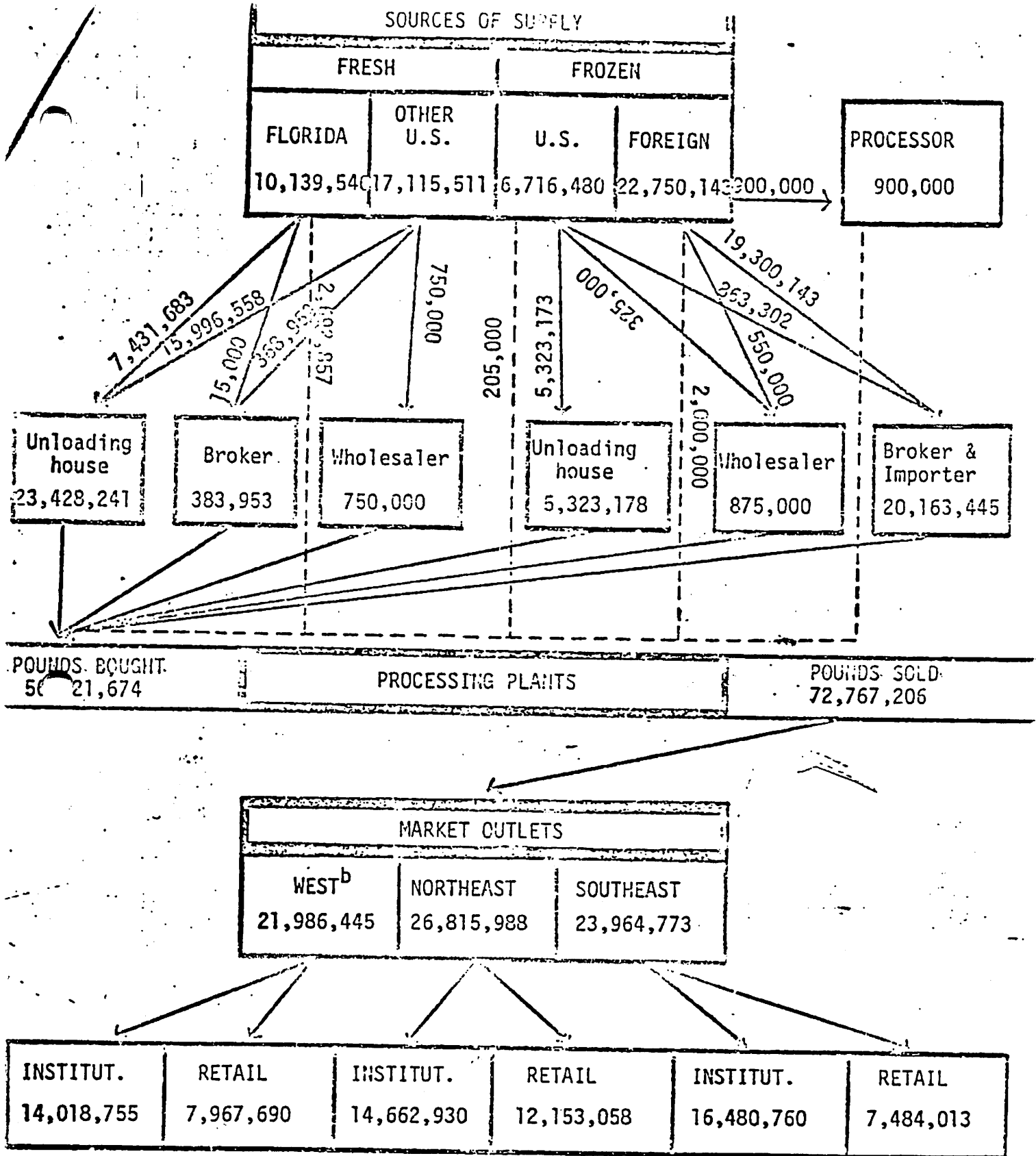
#### INTERACTION

The principal investigator is a member of an advisory panel of economists to the Scientific and Statistical Committee of the North Pacific Council. Interaction with all other relevant research has been established for the existing seafood processing market structure study and will be continued through the interactions surrounding the Council's activities. It is intended that National Marine Fisheries Service on the West Coast be brought into as close an association with this research as possible and that National Marine Fisheries Service assistance will be coordinated through the Alaska Regional Office.

REFERENCES

Alaska Sea Grant Program 1976-1977 Proposal. Renewable Marine Resources, R/14-Y. Market Structure of Alaska Seafood Processing Industries

National Marine Fisheries Service, Economic and Marketing Research Division, Washington, D.C. Aspects of the Structure and Market Behavior of the Tanner Crab Industries of the United States and Japan. September, 1976.



1.--Marketing channels for the Florida shrimp processing industry, 1972

Note that total pounds purchased do not equal total pounds sold because products lose or gain weight in the production process.

See the map in the Appendix.

# UNIVERSITY OF ALASKA

## SEA GRANT BUDGET

|   |                             |
|---|-----------------------------|
| <b>PROJECT TITLE</b>                              | <b>GRANT/PROJECT NUMBER</b> |
| MARKET DEMAND AND MARKET CHANNELS FOR TANNER CRAB | 76-77<br>R/14-02            |
| <b>PRINCIPAL INVESTIGATORS</b>                    | <b>DURATION (months)</b>    |
| F. L. Orth, School of Management                  | 5 months                    |

| A. SALARIES AND WAGES                                      |                               |        |                 |               |
|--|-------------------------------|--------|-----------------|---------------|
| 1. SENIOR PERSONNEL  | MAN-MONTHS                    |        | SEA GRANT FUNDS | GRANTEE SHARE |
| a. (Co) Principal Investigator                             | 2                             |        |                 | 6,150         |
| b. Associates (Faculty or staff)                           | 4                             |        | 6,475           | 3,189         |
| Sub Total  |                               |        | 6,475           | 9,339         |
| 2. OTHER PERSONNEL   |                               |        |                 |               |
| a. Professionals   |                               |        |                 |               |
| b. Research associates                                     | 12                            |        | 26,000          |               |
| c. Research asst. grad. students                           |                               |        |                 |               |
| d. Prof. school students                                   |                               |        |                 |               |
| e. Pre-Bac. students                                       |                               |        |                 |               |
| f. Secretarial-clerical                                    |                               |        |                 |               |
| g. Technical-shop  |                               |        |                 |               |
| h.   |                               |        |                 |               |
| Total Salaries and Wages                                   |                               |        | 32,475          | 9,339         |
| B. FRINGE BENEFITS (When charged as direct cost)           |                               |        |                 |               |
|  | 17.9                          |        | 5,813           | 1,672         |
| Total Salaries, Wages, and Fringe Benefits (A and B)       |                               |        | 38,288          | 11,011        |
| PERMANENT EQUIPMENT  |                               |        |                 |               |
| D. EXPENDABLE SUPPLIES AND EQUIPMENT                       |                               |        |                 |               |
|  |                               |        | 500             |               |
| E. TRAVEL  |                               |        |                 |               |
| 1. Domestic - U. S. and its Possessions (Inc. Puerto Rico) | 1.                            | 11,000 |                 |               |
| 2. International   | 2.                            | 6,000  |                 |               |
| Total Travel   |                               |        | 17,000          |               |
| F. PUBLICATION AND DOCUMENTATION COSTS                     |                               |        |                 |               |
| G. OTHER COSTS   |                               |        |                 |               |
| 1. Computer Costs  |                               |        | 1,500           |               |
| 2. Communications  |                               |        | 750             |               |
| 3. Consulting Services (Foreign data collection)           |                               |        | 12,000          |               |
| 4.   |                               |        |                 |               |
| 5.   |                               |        |                 |               |
| 6.   |                               |        |                 |               |
| 7.   |                               |        |                 |               |
| 8.   |                               |        |                 |               |
| 9.   |                               |        |                 |               |
| 10.  |                               |        |                 |               |
| Total Other Costs  |                               |        | 14,250          |               |
| <b>TOTAL DIRECT COSTS (A through G)</b>                    |                               |        | <b>70,038</b>   | <b>11,011</b> |
| <b>INDIRECT COSTS</b>                                      | (On Campus 56.54 % of S & W ) |        | 18,361          | 5,280         |
|  | (Off Campus % of )            |        |                 |               |
| Total Indirect Costs                                       |                               |        | 18,361          | 5,280         |
| <b>TOTAL COSTS</b>   |                               |        | <b>88,399</b>   | <b>16,291</b> |
| <b>ROUNDED TO</b>  |                               |        | <b>88,400</b>   | <b>16,300</b> |

ATTACHMENT 3

Budget for Short-Term Tanner Crab Study

March 1 - May 31

|                                       | <u>Man Months</u> | <u>Total Cost</u> | <u>Projected U. of A. Sea Grant Support</u> | <u>Unfunded*</u> |
|---------------------------------------|-------------------|-------------------|---|------------------|
| Frank Orth                            | 1.0               | 3,075             | 1,537                                       | 1,537            |
| Abby Gorham                           | 2.0               | 4,832             | 2,416                                       | 2,416            |
| Jim Richardson                        | 2.0               | <u>3,660</u>      | <u>1,830</u>                                | <u>1,830</u>     |
| Total Salaries                        |                   | 11,567            | 5,784                                       | 5,783            |
| Staff Benefits @ 17.9%<br>of Salaries |                   | 2,070             | 1,035                                       | 1,035            |
| Travel for all Participants           |                   | _____             | _____                                       | <u>3,000</u>     |
| Total                                 |                   | <u>13,637</u>     | <u>6,819</u>                                | <u>9,818</u>     |

\*Recommended use of \$10,000 N.M.F.S. support.